

Austria	Sch. 20	Venezuela	R. 2200	Portugal	Esc. 90
Denmark	Dkr. 8.65	Ireland	1,750	S. Africa	R. 8.00
Finland	Fmk. 45	Japan	Y500	Spain	RS. 4.10
Germany	DM 2.70	Korea	Wons 1,500	Switzerland	Fr. 125
Greece	Dr. 8.05	Lithuania	1,000	Turkey	TL 30
Holland	Gld. 7.70	Malta	Sc. 1,000	U.S.A.	US. 1.25
Hungary	Forint 1.00	Morocco	Dir. 1,000	U.K.	£ 1.25
Iceland	ISK 1.00	Netherlands	Fl. 1,000	U.S.S.R.	Rs. 1.00
Iraq	100.00	New Zealand	NZ. 1,000	Yugoslavia	Y. 1.00
Italy	Rp. 15	Philippines	Pes. 20	Zambia	Kw. 1.00

# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,858

Tuesday February 18 1986

D 8523 B

Soares the long distance runner Page 2

## Israelis drive inside Lebanon

Israeli armored columns advanced deep into Israeli's self-proclaimed security zone in southern Lebanon in a search-and-destroy mission that followed a guerrilla attack on Israeli troops.

A military spokesman in Tel Aviv denied a report by Beirut Radio that three Israelis had been killed. There were other reports that two Israelis had been taken captive by guerrillas.

The armored columns were said to be searching villages about 10 miles north of the Lebanese border. Page 5

### Falklands stand

Britain remains firm in its refusal to discuss the sovereignty of the Falklands, despite an offer by a junior minister to meet with a visiting delegation of four Argentine parliamentarians, the Foreign Office said. Page 6

### Riots kill three

At least three people died as South African police battled with rioters in the black township of Alexandra on the outskirts of Johannesburg's affluent white suburbs. Threats by ANC, Page 5

### Banks bombed

Bombs caused damage but no casualties at six branches of the Societe Generale bank in Corsica. Police said leaflets of the Corsican National Liberation Front, an outlawed separatist group, were found at the explosion sites. Page 44

### Lost soldiers sought

A delegation of Israeli officers went to Cairo to examine Egyptian documents in a bid to determine the fate of 17 soldiers listed as missing in action in past wars between the two countries. Page 2

### Peru buys arms

North Korea will supply Peru with 10,000 sub-machine guns and will send advisers to train Peruvians in producing the ammunition for the weapons, the Interior Ministry said in Lima. Page 5

### Irish divorce bid

Ireland's Labour party is planning to introduce a bill today legalizing divorce, but its coalition partner Fine Gael is expected to defeat it, preferring to wait until victory would be assured in the required referendum. Page 2

### Overture to Turkey

The European Community decided to reopen contacts with Turkey and agreed to call a special meeting this year under its association pact with Ankara. Page 3

### Security plea

The US has asked for tighter security around American passengers and airliners at a number of airports in Western Europe, including Amsterdam, a spokesman for the Schiphol airport said.

### Mine fire kills 7

An explosion and fire at a West German coal mine outside Saarbruecken left seven miners dead and another injured. Page 2

### Seoul round-up

South Korean police continued to round up political opponents and placed some dissident leaders under house arrest in an attempt to head off a petition campaign calling for direct presidential elections. Page 5

### Wines tainted

The Rhineland-Palatinate Health Ministry said that a testing programme revealed 20 West German wines containing prohibited levels of methylene glycol, a chemical used in anti-freeze and believed harmful to the human kidney and liver. A scandal erupted in Austria last year over use of the illegal sweetener. Page 21

## Fermenta moves to restore confidence

FERMENTA, Swedish biotechnology and chemicals group, said Hafez El-Sayed, majority owner of the company who admitted lying to investors about his academic credentials, had resigned as managing director. The group also said 1985 profits jumped to SKr 320m (\$43m) from SKr 21m and were expected to more than double again this year. Page 26

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## EUROPEAN NEWS

### Election of Soares reflects hopes for stability and progress

BY DIANA SMITH AND DAVID WHITE IN LISBON

"I AM not optimistic," said Mr Mario Soares last November, when his presidential hopes appeared to have been compromised by the crushing defeat received by his Socialist Party in general elections. "I am determined."

By bypassing the conservative favorite, Mr Diogo Freitas do Amaral, at the post on Sunday the 61-year-old Mr Soares has reached the culmination of a career in the forefront of Portugal's politics since it ended its sombre half century of dictatorship 12 years ago.

As part of the new image he promoted during the campaign, Mr Soares recruited support from showbiz figures and from Portugal's Olympic marathon

champion Carlos Lopes. "We are both long-distance runners," ran one election poster. In a marathon in Japan last week, Mr Lopes had to give up an hour from the finish.

Not so Mario Soares, the man who has now assumed the mantle of the new incarnation of modern Portuguese democracy.

Mr Soares was brought up to relish political challenge. His schoolmaster father, an active republican during the pre-1910 monarchy, became a lifelong conspirator constantly in jail, exile or living clandestinely. At the age of 70 he found himself in the same jail as his son, then a student leader in the underground Young Communist movement.

Mr Soares studied law under Mr Alvaro Cunhal, who, as leader of the pro-Soviet Communists became his principal civilian rival after the 1974 revolution. Since the mid 1950s he has distanced himself from the Communists, having been allegedly detained and deported to the tropical island of São Tomé. He founded the Socialist Party in exile in 1973.

Returning in triumph from Paris three days after the 1974 revolution, he became democratic Portugal's first Foreign Minister—with the job of gaining acceptance for it in Europe.

In the post-revolutionary fighting, he also became public enemy number one of Mr Cunhal's Communists. Mr Cunhal's supporters, the

ordered his voters out on Sunday to back Mr Soares, which he made clear was not the same thing as supporting him, and sooner or later can be expected to present his "bill" for the favour.

The record of Mr Soares' image come mainly from his record as Prime Minister in 1976-78 and again in 1983-85, when the Socialists had to pay the political cost of their tough economic austerity measures. He is also criticised for his visible fondness for creature comforts, his vanity, high-handedness and favouritism.

But his victory has had a clear impact on Portuguese politics. By outshining the two other left-wing candidates in

the first round, he established Socialist supremacy on the left and at the same time helped to put Portuguese politics on a more classical European-style footing, a move away from the apparent parallel with South America.

His second round triumph is also a setback for Mr António Cavaco Silva, the Social Democrat leader, who became Prime Minister in October after breaking his party's alliance with the Socialists. Although the standing of Mr Cavaco's minority government, with its technocratic get-down-to-work approach, appears to be good, his strategy of having Mr Freitas as President in a strong centre right front

has fallen apart. Mr Cavaco had met some resistance in his party over his backing of Mr Freitas, and may now have a harder time preventing cracks from reappearing in the party. Both it and the Socialist Party have congresses coming up in the spring.

For the Socialists, Mr Soares's victory is a welcome one for another Secretary General, Mr Vítor Constâncio, Governor of the Bank of Portugal, is being strongly tipped for the post. For all its short and eventful history in which it has moved from the far left of the socialist spectrum to the middle of the road—it has never had anybody but Mr Soares.

### Sweden's trade shows surplus in January

By Kevin Dene, Nordic Correspondent Stockholm

**SWEDEN** ACHIEVED a trade surplus of SKr 1.3bn (£123m) in January, a clear improvement on January 1985, when exports and imports were in balance. The value of exports rose by 3 per cent to SKr 24.6bn while that of imports fell by 3 per cent to SKr 19.3bn.

The central office of statistics credited the improvement to falling oil prices and the fact that ice in the Baltic Sea has not proved such a problem for access to Swedish ports this winter. The cost of oil imports in January was 13 per cent lower than a year earlier despite unchanged volumes.

Swedish industrial production rose by 2.6 per cent last year to a record level, according to preliminary figures from the statistics office. The rate of growth slowed from 1983 and 1984, however, when industrial output jumped by 4.5 per cent and 7.1 per cent respectively.

The main impulses to further growth last year came from exports and stock-building. Since the upturn began in the final quarter of 1983, industrial output has risen by a total of 18 per cent.

The main improvement last year came from the engineering industry, which accounts for 45 per cent of industrial output, but paper and board and chemicals also showed an increase.

The unemployment rate in Sweden was 2.9 per cent in January. In addition to the 123,000 people registered as unemployed, a further 35,000, or 2.2 per cent of the workforce, were employed on some sort of labour market support measures.

### Divorce bill likely to fail in Ireland

By Hugh Carney in Dublin

THE IRISH Labour Party will introduce a bill in Parliament today to legalise divorce for the first time in the Republic, but the measure is likely to be voted down by Labour's Fine Gael coalition partners.

Dr Garret Fitzgerald, the Prime Minister, is allowing a free vote by Fine Gael MPs but he has made it clear he wants the bill defeated despite his commitment to the lifting of the constitutional ban on divorce.

This peculiar situation has arisen because Dr Fitzgerald is reluctant to proceed with the required referendum on dropping the divorce ban until he is convinced it will be approved by the electorate. Recent opinion polls have shown up to 77 per cent support for the idea of limited divorce measures, but much less certain support for altering the constitution.

Labour expects the opposition Fianna Fail party to back and encourage Fine Gael to vote against when the vote is taken on February 26 to defeat the bill, despite support from the newly formed Progressive Democrats.

Supporters of Labour's bill, which would allow divorce only in cases of irretrievable marriage breakdown, say the Prime Minister is ducking the issue for fear of provoking a contentious national debate at a time of low government popularity.

Along with Malta, Ireland is the only European country which does not allow divorce. Pro-divorce groups estimate some 70,000 people in the Republic are trapped in unwanted marriages.

### Dutch move on euthanasia

A BILL to legalise active euthanasia in the Netherlands, the first of its kind in the world, threatens to divide the governing Christian Democrat-Liberal coalition in the run-up to the general election on May 21, writes Laura Kuau in Amsterdam.

During a parliamentary committee debate yesterday the right-of-centre Liberals sided with the opposition Labour party in broadly supporting the bill proposed by the Democrats '66 party. Mr Rudd Labbers, the Christian Democratic Prime Minister, opposes it deeply and wants it postponed until the next Government is formed. The bill would permit mercy killing at the request of a terminally ill person.

**FINANCIAL TIMES**  
Published by The Financial Times (Europe) Ltd, Frankfurt/Main, and, as members of the Board of Directors, F. Berlow, H.A.F. McDonald, J. Dumont, M.C. Gordon, D.E.P. Palmer, London. Printer: Frankfurter-Societäts-Drukkeri-GmbH, Frankfurt/Main. Responsible editor: C.E.P. Smith, Frankfurt/Main. Guidoletzstrasse 54, 6000 Frankfurt am Main 1. © The Financial Times Ltd, 1986.

**FINANCIAL TIMES** USPS No. 11-200, a weekly daily except Saturday and state holidays. U.S. subscription rates \$365.00 per annum. Second class postage paid at New York, N.Y., and at additional mailing offices. POSTMASTER: send address changes to FINANCIAL TIMES, 14 East 60th Street, New York, N.Y. 10022.

### US hopes for accords on SDI by the summer

BY PETER MARSH

THE UNITED STATES hopes to finalise by the summer research agreements for the Strategic Defense Initiative (SDI) with West Germany, Italy, Israel and Japan, according to Dr William Schneider, an Under-Secretary at the US State Department. He said in London that these agreements would be broadly similar to that signed with Britain in December under which UK companies and research groups can bid for work on the \$26bn programme.

The so-called Star Wars project is designed to produce by the 1990s a strategy to protect the West from nuclear missiles, for example by shooting them down with lasers.

Addressing a conference on the SDI organised by the Conservative Party's Bow Group, Dr Schneider said he hoped that over the next few weeks the US Government would sign several specific research contracts on Star Wars with foreign companies.

Gen James Abrahamson, director general of the Pentagon's SDI organisation, said that the agreements with Britain represented an effort to "mobilise" UK technology without requiring researchers to travel to the US.

"We are not here to pick the cherries from your technical

genius. We are not here to take ideas but to back people," he said.

The SDI organisation is discussing about 10 contracts with British groups worth a total of roughly £1m. General Abrahamson will give details today of the classified aspects of Star Wars to a meeting in London of about 100 UK companies.

Foreign research groups, he said, had much to offer the SDI project in technologies such as sensors to spot the positions of warheads in space, and composite materials that could form the basis of lightweight space platforms to carry devices such as mirrors which would direct lasers to their targets.

Gen Abrahamson flew to Israel tomorrow for discussions with researchers there on work in another promising technology—rail guns; space-based devices which would destroy missiles by shooting small, automatically guided pellets accelerated by electro-magnetic forces.

Even though the French Government has turned down the invitation to participate formally in Star Wars, Gen Abrahamson said that two French companies had approached the Pentagon with their own plans for theoretical studies to defend Europe from nuclear weapons.

### What's new in London finance circles?

Nippon Trust comes to London

The City of London will have another new arrival from Japan—The Nippon Trust and Banking Co., Ltd., whose presence in Eurobanking Field has long been felt since early 1970s. Its London Representative Office, headed by Mr. Toshihiro Suzuki, is only two minutes' walk from the Monument.

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## EUROPEAN NEWS

## Gaps in ranks as EEC reform package signed

By QUENTIN PEEL IN LUXEMBOURG

NINE of the 12 EEC member states yesterday solemnly put their names to a hard-fought package of Community reforms—but Denmark, Italy and Greece refused to come to the table.

The signing ceremony of the Single European Act, resounding with fine phrases under the glare of television lights, was remarkable mainly for those who stayed away. The nine put a brave face on it, appearing to have agreed to the package without giving the European diversity a chance to explain away the absences. Yet even within their own ranks, the substitutes abounded.

Mr Jacques Delors, president of the European Commission, was represented by Mr Frans Andriessen, his Dutch vice-president. Mr Pierre Pflimlin, president of the European Parliament, deliberately sent a replacement to indicate his own unhappiness with the whole exercise.

Sir Geoffrey Howe, the British Foreign Secretary, was on his travels in Kathmandu, and Mr Jacques Poos, his Luxembourg counterpart who chaired the whole reform conference last year, was recovering from an operation.

Mr Giulio Andreotti, the Italian Foreign Minister, who launched the whole exercise at the EEC summit in Milan last June, stayed far the wings to emphasise with the modest outcome.

Mr Uffe Elleman-Jensen of Denmark was back in Copenhagen, campaigning to win support for the deal in the Danish referendum next week, and overcome fears that it all goes much too far. Mr Theodore Pangalos of Greece said he would sign soon, but he

## Capital spending forecast to continue at high rate

By PAUL CHEERSIGHT IN BRUSSELS

INDUSTRIALISTS IN the European Community will keep up a high rate of capital investment this year, but will not quite match the rate of last year.

Surveys of "capacity" undertaken by the European Commission and published yesterday, show that the real rate of increase this year should be 7 per cent compared with 10 per cent last year when the final outcome fell in precisely with the forecasts announced 12 months earlier.

The latest assessments underline the growing momentum of investment since 1984. But there was a sharp decline from normal investment spending between 1981 and 1983. And this gives rise to a warning from the Commission.

"It [investment] needs to continue for several years to grow as buoyantly as in the period 1984-85 if there is to be any appreciable reduction in unemployment," the Commission said.

The numbers of employed in Community industry have been falling for 10 years. This pressure has now been checked, but only in Denmark, West Germany, Luxembourg and the Netherlands are industrial com-

panies taking on more people. This may now spread because, although the evidence is not definitive, there is an increasing tendency to invest in new capacity rather than in the reutilisation of existing capacity.

New investment is most buoyant in mechanical and electrical engineering and motor vehicle construction. Here the rise in nominal terms this year should be 15 per cent, the same level as in 1985.

In the metal industries, following a particularly sharp rise in investment last year, the pace is slowing. Sections catering directly to consumer demand are expected to increase spending this year by 6 per cent against 11 per cent last year. But this could change in the face of the emerging rise in consumer spending.

On a national basis, growth is expected to be less spectacular this year than last in the Netherlands, Denmark, West Germany, Italy and Britain and expected to have an overall investment figure close to the Community average. The most marked increases are expected in Belgium, Luxembourg, Ireland and Greece.

## Czechoslovakia to step up pace of economic reform

By PATRICK BLUM IN PRAGUE

CZECHOSLOVAKIA IS to intensify economic reforms to improve efficiency and management in moves that closely mirror efforts by Mr Mikhail Gorbachev, the Soviet leader, to modernise the Soviet economy.

President Gustav Husak told Communists Party members meeting in Prague at the weekend that Czechoslovakia was paying special attention to Soviet attempts to improve management.

"What we are striving for is not mechanical copying but a creative use of the Soviet experiences," he said. Czechoslovak officials have tended to view with suspicion the reforming zeal of some of their Comecon partners. They resist using the term reform when describing their own endeavours, describing them instead as measures to improve efficiency.

The pressure for reform is increasing, however. Another speaker at the meeting argued that it would be better in some cases to close down a factory

## Community to revive ties with Turkey

By Quentin Peel

did not want to isolate the Danes.

In the end, it was probably the normally dissident British who showed the most satisfaction with the result. Mrs Lynda Chalker, the Minister of State standing in for Sir Geoffrey, was positively enthusiastic.

"It is a good agreement for the Community, and it is a good agreement for Britain," she declared. "It is going to help us with the vital task of removing the remaining linguistic barriers to trade within the Community. It will boost research efforts, which are essential to make us competitive with the US and Japan."

Mr Hans van den Broek, the Dutch Foreign Minister and current chairman of the EEC Council of Ministers, could not wait quite so quickly.

He was satisfied that the European Act would strengthen the decision-making power of the Community by extending the use of majority voting. It would make a common market easier to achieve. It would give more influence to the European Parliament. It would provide the legal framework for future support for science and technology.

"Despite its unavoidable shortcomings, the European Act definitely represents progress and a step in the right direction," he declared. But he was saddened that the list of signatories was not complete.

No amendment to the Treaty of Rome, the constitution of the Community, can be agreed without unanimity.

Now everything is really up to Denmark and the February 27 referendum. If that approves the package, then there is little doubt that Greece and eventually Italy will fall into line.

The European Act will be agreed in December, and it is likely that Greece will not finally seek to block the talks.

Mrs Lynda Chalker, the Minister of State at the British Foreign Office, said relations with Turkey were now proceeding better than one might have thought six months ago.

The Turkish human rights record had improved, and Denmark had lifted its reservation over EEC financial assistance, she said.

The outstanding problems in EEC-Turkish relations will still prove very tricky to resolve, with West Germany adamant that free movement of migrant workers cannot be allowed so quickly, and EEC fears about textiles reinforced by the recent accession of Portugal.

New investment is most buoyant in mechanical and electrical engineering and motor vehicle construction. Here the rise in nominal terms this year should be 15 per cent, the same level as in 1985.

In the metal industries, following a particularly sharp rise in investment last year, the pace is slowing. Sections catering directly to consumer demand are expected to increase spending this year by 6 per cent against 11 per cent last year. But this could change in the face of the emerging rise in consumer spending.

On a national basis, growth is expected to be less spectacular this year than last in the Netherlands, Denmark, West Germany, Italy and Britain and expected to have an overall investment figure close to the Community average. The most marked increases are expected in Belgium, Luxembourg, Ireland and Greece.

## Ozal begins visit to London

By Robert Maistner, Diplomatic Correspondent

MRS TURGUT OZAL, the Turkish Prime Minister, who arrived in Britain yesterday for a four-day official visit, is due to have talks tomorrow with Mrs Margaret Thatcher, the Prime Minister, covering the whole range of bilateral relations, the EEC, Nato and East-West problems.

Yesterday he met Sir James Clegg, president of the Confederation of British Industry and later was the dinner guest of Mr Paul Channon, Secretary of State for Trade and Industry, with whom he was expected to discuss Anglo-Turkish industrial co-operation, particularly nuclear and road projects.

Defence contracts, such as the sale of Tornado military aircraft to Turkey, are also high on Mr Ozal's agenda in London.

The Turkish Premier—the first to visit Britain for 36 years—is expected to seek a closer Turkish relationship with the European Community, after yesterday's decision by EEC foreign ministers to call a meeting this autumn of the EEC-Turkey Association Council.

The British government's view is that while it is desirable for the association agreement, blocked since 1981 to be reactivated, full Turkish membership of the Community must be considered a practical proposition for at least 10 years.

## Oil price fall helps Austria growth rate

THE SHARP fall in world oil prices should boost Austria's growth rate to some 3 per cent this year and boost its trade, the head of the country's Economic Research Institute said yesterday, Reuter reports from Vienna.

Mr Helmut Kramer said that the benefit to the trade and current accounts should be at least Sch 16bn (\$420m) this year.

Lower oil prices should also reduce the projected inflation rate of 3 per cent by around one percentage point. Austria has one of the lowest rates in Europe. He stressed, however, that while tumbling oil prices had brought "a warm rain" to Europe, they also meant long-term drawbacks, including the reduced buying power of oil exporters.

## French seek to set up a Commonwealth

BY DAVID HOUSEGO IN PARIS

A LONG-STANDING French dream of establishing a French Commonwealth of nations was set on foot yesterday with the first summit gathering in Paris of Francophone states.

Some 40 French-speaking countries were represented at the conference, which was opened in the splendid Salle des Congrès at Versailles by President François Mitterrand. He told his audience of heads of state and prime ministers that "the identity of the French-speaking world is threatened" and that "French-speaking nations need to take resolute action against the removal of linguistic difference.

They held out the prospect of a ministerial-level meeting in the autumn—the first since June 1981, since when European unesco over Turkey's human rights record has effectively frozen closer contacts.

Informal talks will be conducted by both the Netherlands—the current EEC chairman—and the European Commission, in an effort to find common ground on the most sensitive issues.

They include a commitment by the Community to allow free entry of Turkish migrant workers from the end of the year, the blocking of EEC financial aid agreed in 1981, and a dispute over the level of Turkish textiles sales to the EEC.

The delay in convening a meeting of the Turkey-EEC association council, which Britain, West Germany and the Netherlands had wanted in the coming months, was agreed in deference to Greek objections. In return, it seems likely that Greece will not finally seek to block the talks.

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The Turkish human rights record had improved, and Denmark had lifted its reservation over EEC financial assistance, she said.

The outstanding problems in EEC-Turkish relations will still prove very tricky to resolve, with West Germany adamant that free movement of migrant workers cannot be allowed so quickly, and EEC fears about textiles reinforced by the recent accession of Portugal.



President François Mitterrand at the conference yesterday surrounded by French-speaking leaders from around the world

and data banks.

At the same time, the aim of the conference is to promote the French-speaking world as the goal of large-scale language industries exploiting areas such as the computerised editing of texts in French and computer recognition of spoken words in French.

Coming just before the March general elections in

France, the conference also provides a political boost for French feel that there is a real desire to tap into the French-speaking world is shared by all political parties. Mr Mitterrand's own prestige amongst the African states attending the conference was enhanced by the successful attack over the weekend against the Libyan construct airbase in northern Chad.

France has been urged by the Organisation for Economic Co-operation and Development to break down barriers in its science community and put more emphasis on small companies to maximise technological benefits for the economy.

The present elite has concentrated in its own hands the major responsibilities in the more important public and private institutions, but it could move private industry, quote says, the challenges and tasks the country is going to have to face," the OECD says.

The Organisation also calls for maximum decentralisation of innovation policies aimed at supporting small and medium-sized companies. More efforts need to be made to channel capital to start-up businesses and to spread technological benefits from large state-decreed programmes in areas like transport, nuclear energy,

present have overwhelming influence in selecting managers and decision-makers for big state-run technology programmes.

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Among European countries present were Belgium, Luxembourg and Monaco.

The major absentee from the conference which will go on to Wednesday is Algeria, Vietnam and Switzerland.

Algeria declined to be present at what it considered an event that smacked of colonialism.

The French-speaking countries include some 300 million people.

## Editorial disputes put financial daily's future in doubt

BY OUR PARIS CORRESPONDENT

THE FUTURE OF *Le Tribune de l'Économie*, France's recently founded financial economic daily newspaper, was thrown into doubt yesterday when about a quarter of the editorial staff sought to resign following a conflict with the management.

*Le Tribune* was founded just over a year ago by the Bertrand group, which owns *La Vie Française*, with the aim of challenging the domination of international business coverage

by the English-language press. But almost from the start it has been beset by quarrels between its head, Mr Bruno Bertrand, and the editorial chief, Mr Jean-Michel Quatremain, a former industrial correspondent on *Le Monde*, who resigned last year after a conflict with Mr Bertrand.

The crisis came to a head yesterday when the 40 journalists voted with one abstention to strike today unless the management compensates those wanting to leave.

About 10 journalists are believed to want to leave immediately in the wake of the recent resignation of Mr Philippe Labarde, the editor-in-chief. Mr Labarde succeeded Mr Jean-Michel Quatremain, a former industrial correspondent on *Le Monde*, who resigned last year after a conflict with Mr Bertrand.

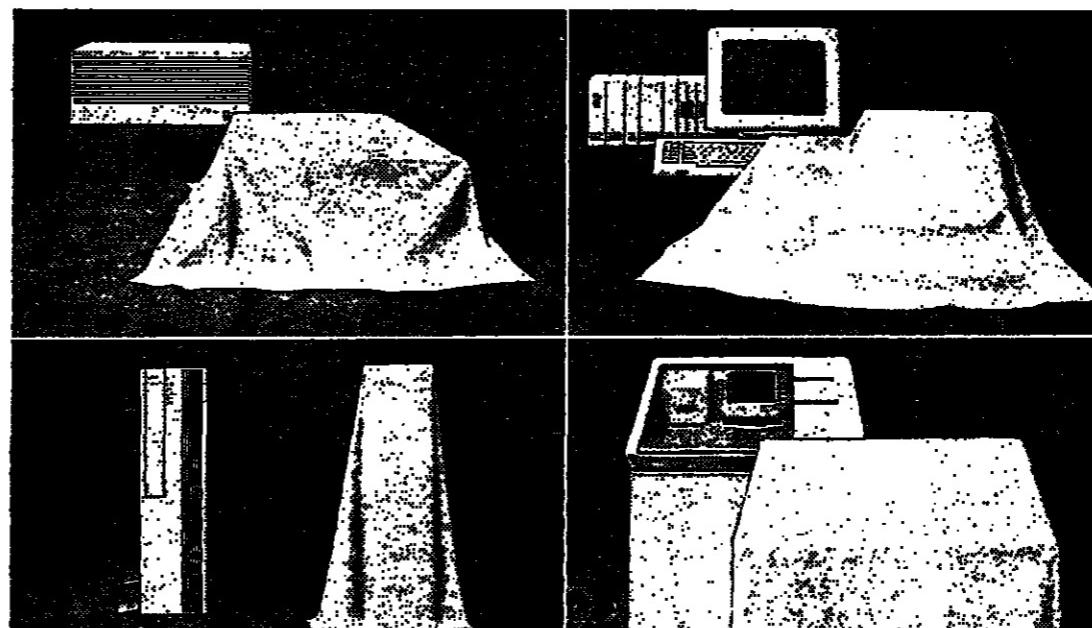
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About 10 journalists are believed to want to leave immediately in the wake of the recent resignation of Mr Philippe Labarde, the editor-in-chief.

They also complained of the cutback in pages, the non-replacement of staff, the reduction in editorial expenses and the refusal of the management to divulge the editorial budget for this year.

*Le Tribune* is believed to have lost FF 10m (£970,000) last year but this would have included special items such as launch costs and the switch from evening to morning publication.

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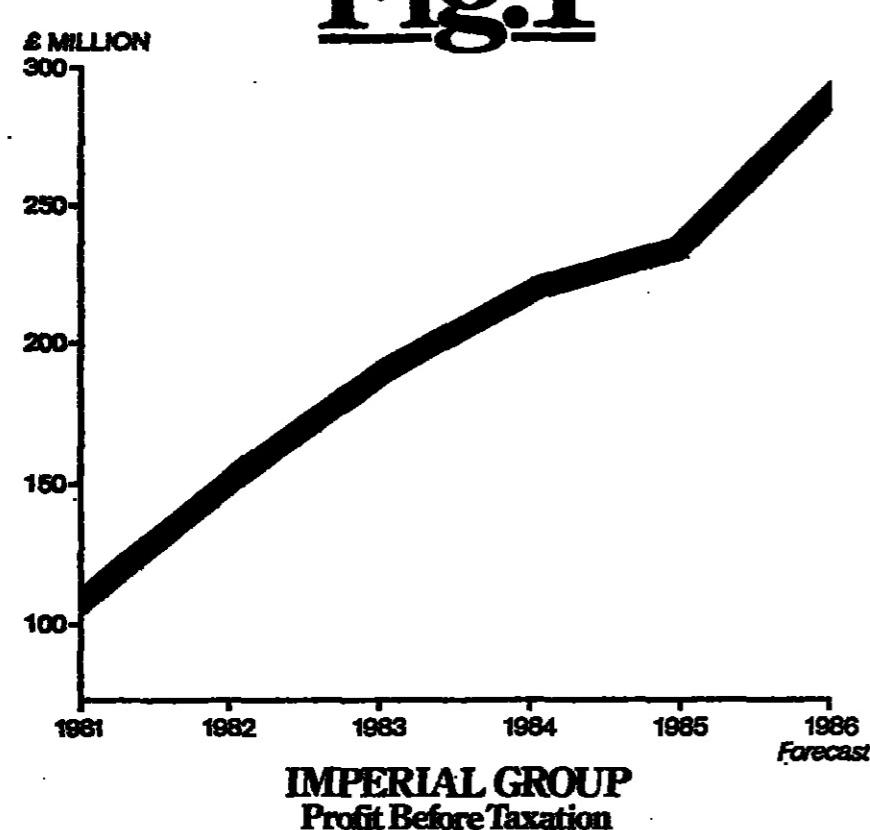
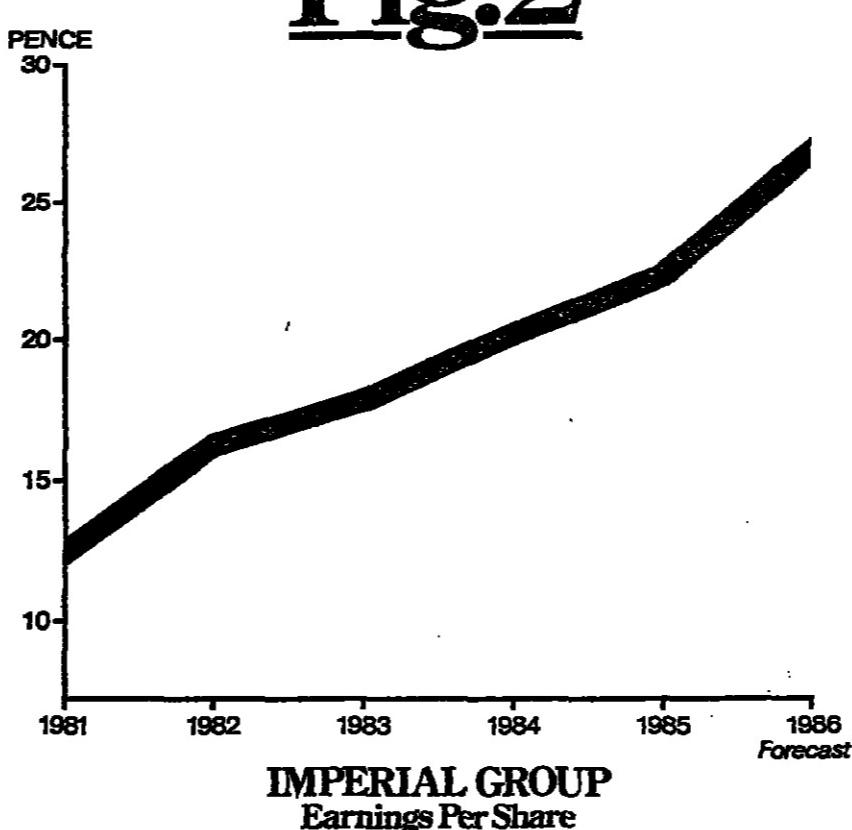
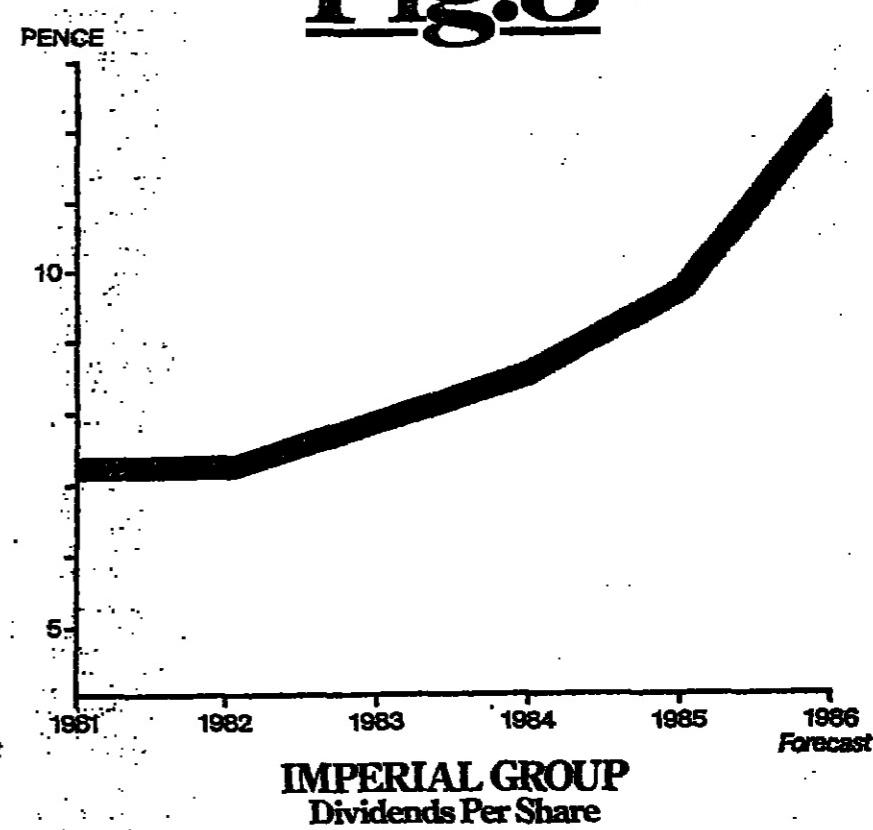
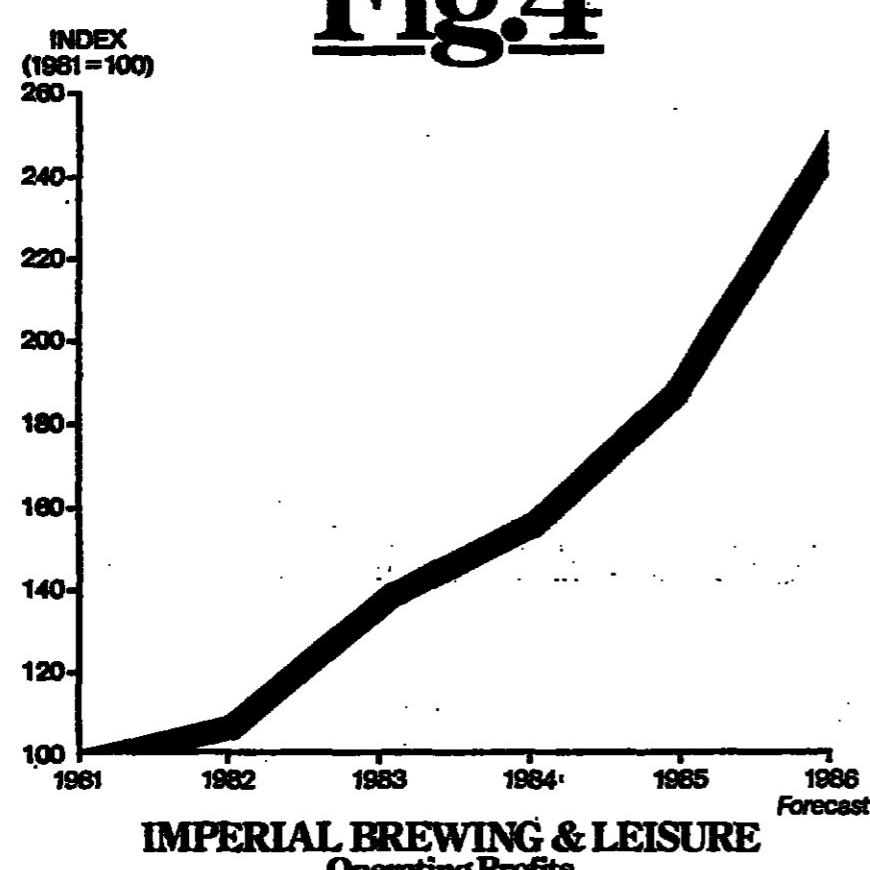
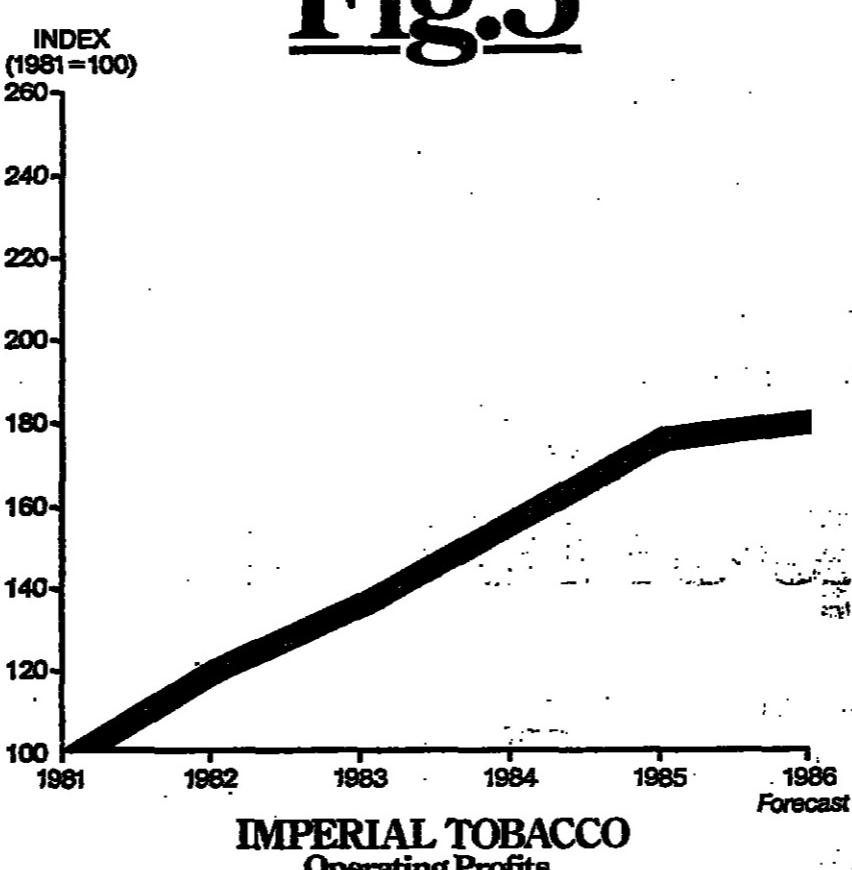
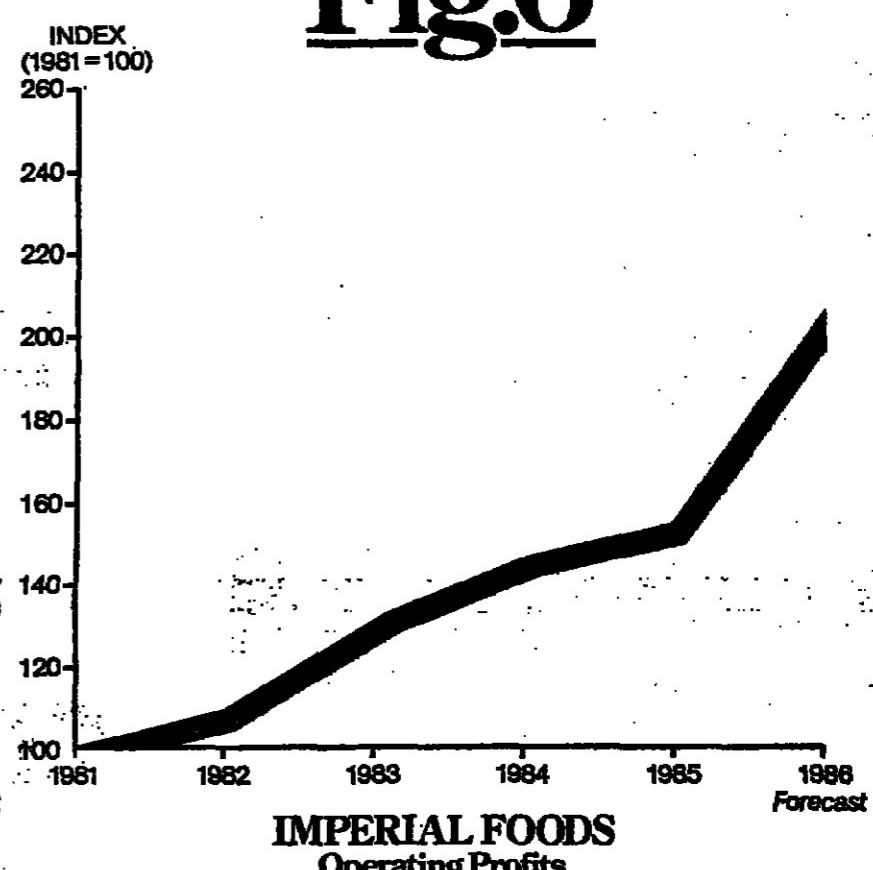
\*Unix is a trademark of AT & T Bell Laboratories.

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COUNTER SPY SHOP

**Fig.1****Fig.2****Fig.3****Fig.4****Fig.5****Fig.6**

# Imperial in 1986: we thought you should see the figures.

Imperial, commentators agree, is a blue chip company. But what does that mean?

This is what Webster's says it means:

"A stock issue of high investment quality that usually pertains to a substantial well-established company and enjoys public confidence in its worth and stability."

"A consistently successful and profitable venture or enterprise."

"An outstandingly worthwhile or valuable property or asset."

Look at the tables above and you'll see the profile of a blue chip company.

Imperial invests: in brands, new brands, new

markets, people, production, training, incentives, distribution, development.

Over the last three years, our capital investment alone has amounted to £448m.

Since 1981, our profits have grown at an average annual rate of 23%: precisely our forecast for the current year.

For 1986 and beyond, we shall continue to invest: whatever it takes to make our businesses more profitable and our company more valuable.

This is the blue chip way.

This is the Imperial way.



## OVERSEAS NEWS

## Israel launches operation beyond security zone

BY ANDREW WHITLEY IN TEL AVIV

TWO Israeli armoured columns backed by helicopter gunships advanced north of Israel's self-proclaimed security zone in South Lebanon yesterday in a search-and-destroy operation following the kidnap of at least two Israelis by Lebanese guerrillas.

Beirut radio reported that three Israelis had been killed in the operation, but this was denied by an Israeli military spokesman in Tel Aviv.

The Israeli columns are believed to be searching villages around Deir Antar and Sulaiyeh, about 10 miles north of the border, within the zone controlled by the Irish peace-keeping forces.

But a UN spokesman last night denied reports from Lebanon that the Israeli troops had fired on the advancing columns. "There has been no confrontation with the [Unifil forces]," said Mr Timor Goksel. In a separate incident there were exchanges of fire between Israeli troops and members of the UN Interim force in Lebanon (UNIFIL) and units of the South Lebanon Army (SLA), the Israeli-backed Christian militia.

## S. African miners issue strike threat

BY JIM JONES IN JOHANNESBURG

SOUTH AFRICA'S National Union of Mineworkers (NUM) which claims to represent 250,000 black miners, plans strike action later this year if the various mining houses offer differing amounts during pay negotiations, Mr Cyril Ramaphosa, the union's secretary-general, told a press conference yesterday.

He said this decision had been taken at the NUM annual conference last weekend.

Mr Ramaphosa said the union was determined to negotiate a single wage agreement with the Chamber of Mines, the employers' co-ordinating body, covering all of the country's gold mines. A separate agreement would cover the collieries.

In 1986 strikes planned at several mines were called off at the eleventh hour when three mining houses broke ranks with the chamber and improved their wage offers.

Mr Ramaphosa was dismayed that the Minister of Minerals and Energy Affairs had not yet honoured his commitment to introduce legislation abolishing legal colour bars which prevent black workers from occupying senior posts.

The Minister said last year that he would introduce appropriate legislation in the 1986 parliamentary session even if the chamber and the white mining unions were unable to agree on means of removing job reservation.

The NUM intends presenting President F. W. de Klerk with an ultimatum on the job reserva-

## Unita confirms US aid pledge

Dr Jonas Savimbi, leader of the Angolan rebel group Unita, said he hoped to have US anti-tank and anti-aircraft missiles by April to meet the expected offensive from the Government in Luanda, AP reported from Vambe, Angola.

Dr Savimbi said he had a "firm commitment" for military aid from the Reagan Administration, but that he was not certain when the aid would arrive and what form it would take. He said no US military advisers would come to Angola.

Dr Savimbi rejected specific Unita's war against the Government as part of a possible agreement to free Mr Nelson Mandela, leader of the African National Congress; or South African Captain Wynand du Toit.

## S. Korean police arrest 100 opposition members

BY STEPHEN A. BUTLER IN SEOUL

SOUTH KOREAN police yesterday arrested at least 100 Government opponents in a continued crackdown against opposition efforts to launch a signature campaign to revise the constitution.

The crackdown marks a collapse in dialogue between the Government and the opposition, and there is little immediate hope for normalization. The opposition yesterday vowed once again to continue with the signature campaign despite the Government's use of overwhelming police force to prevent it.

The campaign to revise the constitution has yet to be launched outside a small circle of opposition leaders, although a nationwide organization has been gradually pieced together in recent months.

The constitutional amendment to allow for a direct election

Kathy Evans in Kuwait reports on the implications for the Gulf of the flare-up with Iraq

## Cunning but risky Iranian offensive gains momentum

IRAN'S eight-day-old offensive in the Gulf war has sent shock waves through the Gulf region and dented the image of invincibility Iraqi defences had won along the length of the front line.

The attack, originally characterized by Tehran as "a warning to Iraq" is now assuming all the proportions of a major offensive, far larger than the annual operations which have become customary among religious and revolutionary forces.

Day by day it is gaining momentum, militarily and politically, as the fighting nears Kuwait and reports come in of a second major attack poised to move through the Huwais corridor.

After a year of little more than skirmishes on the front, Iran was forced to launch a major attack to restore credibility back home, diplomats believe. But they fret about the cost and the need for sacrifice from the people range hollow when fighting was kept at such a low level.

There was also increasing criticism from militants in the regime about the new pragmatic style in Iranian foreign policy which has recently been so obvious towards the Gulf states. Iran's oil situation only added fuel to their arguments.

Recently Iran announced that it was cutting oil production in order to tighten the oil market. But diplomats believe it was not market considerations which accounted for the 50 per

cent cut in exports, but Iraq's successful attacks on the oil pumping terminal at Ganayeh.

With oil accounting for 95 per cent of its budget revenues, Iran's economy must now be facing its most severe crisis since the start of the Gulf war more than five years ago.

The strategy Iran chose for the "Dawn Eight" offensive was cunning but risky. The southern option to try to cut Basra off from the south,

asked: "Why shouldn't Kuwait be safe? We are not allowing Iraq to use our land, our air-space or our waterways."

The same day it was disclosed that Kuwait, together with Saudi Arabia, had decided to renew

the oil agreement with Iraq

whereby Iraq receives income from 300,000 barrels a day (b/d) of oil produced in the neutral zone between the two countries.

The Iranians say that the

Iranians have assured them

that they have no intentions

towards Kuwait territory. Even

so, rumours continue about reported landings of Iranian troops on Bubiyan Island which Iran has viciously denied.

Iraq claims to have sunk more

than 30 vessels in the Khor

Abdullah waterway, many of

them carrying troops. A senior

Kuwaiti official indicated that

if any casualties occur close to

the island, be they Iranian

troops or vessels, then Kuwait

will be willing to provide

Despite the assurances given

by the Iranians, vitriolic attacks

continue in the official media in

rapidly.

Kuwait, in the meantime, is

remarkably relaxed, considering

the size of the armies locked in

mortal combat yards away from

the shore. There are no signs of

panic or apparent flight

of people or money.

The continuation of calm will

rely heavily, however, on Iran's

air force and its ability to

winkle the Iranian troops out

of Fao quickly. If the fighting

drags on much longer, or

spreads from the peninsular

westwards to the land border

area of Kuwait and Iraq, then

calm could change to fear very

rapidly.

Iranian officials to Libya and Algeria, their other allies in the region. At times, Iranian and Arab Ministers have been arriving in the same cities within hours of each other.

Syria, too, has been enlisted

to help persuade Iran to end

the conflict, but the prospect

of a major change of heart from

Damascus about its alliance with

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# To get a true perspective on Canary Wharf we had to go to Henley.

We're the first to admit that we're too close to Canary Wharf, the new 10 million square foot financial centre on the Isle of Dogs, to be totally unbiased.

But that can't be said about the people at The Henley Centre.

As an independent research consultancy, their study of the social and economic impact of Canary Wharf is completely objective.

Here are the highlights.

## London's future as a world financial centre

Thanks to tradition, government policy, language and its location between New York and Tokyo, London is ideally placed to be the hub of the world's 24 hour financial markets.

The Big Bang will further enhance its position.

If there were no limitations on office space City jobs would increase by 200,000 over the next ten years.

But that would have the Square Mile bursting at its seams even if the City's stringent planning restrictions were relaxed.

Compared to its rival cities London's rental costs are already high. Offices are already overcrowded.

Canary Wharf will provide room to grow.

Canary Wharf will reverse that trend.

The development will directly create 49,000 new jobs in the area; 21,000 of those will be for local residents. And there will be another 8000 jobs created elsewhere in the country. A grand total of 57,000.

These will all be new jobs.

And they should reduce the registered unemployment in Tower Hamlets, Southwark and Newham by 15,000.

There will be 7000 construction jobs directly created during the first 7 years. And 5000 after that.

## Good news for Nigel Lawson

The Exchequer would gain £341 million to its annual flow of net income from increased income tax and National Insurance revenue (£223m) and reduced spending on benefits (£118m).

And the jobs that will result from the construction activity will produce net gains to the Exchequer of between £55 and £90 million a year.

Those are the main findings of The Henley Centre Report.

No doubt the more cynical among you may feel we've left out some facts that didn't suit our case.

Not true.

But don't take our word for it. Please write to us and we'll send you a complete copy of the Final Report.

## Good news for Lord Young

As the Minister of Employment should well know, recent employment losses have been far higher in the Docklands than in London or in the U.K. as a whole.

## CANARY WHARF

*[Handwritten note: Jeff not 150]*

## AMERICAN NEWS

**Reagan initiative on exchange rates encourages Third World**

BY STEWART FLEMING IN WASHINGTON

EVIDENCE that the US is moving cautiously towards encouraging initiatives designed to stabilise international exchange rates is being well received by developing countries which have been pressing for monetary reform.

"This is definitely a very welcome development, something we have been staying quite uncertainly," said Dr Arjun K. Sengupta, chairman of the working group of the group of 20 developing countries (G20). "It is important to have a review of the current exchange rate system in order to get greater stability of exchange rate movements."

President Ronald Reagan said last month in his State of the Union address that he would ask Mr James Baker, Treasury Secretary, to examine the possibility of convening an international monetary conference. The G20 published a report, Function and Improvement of the International Monetary System, last August. This urged that consideration ought to be given to: the adoption of target zones for the exchange rates of major currencies; improved policy coordination among the industrial countries; exchange market

recognise that this issue is an important national domestic political issue... because we have protectionist forces which are going to return and which need to be assured that we understand that this is a major problem" and because of legislation on Capitol Hill calling for changes in US policies towards the international monetary system.

The official stressed that the US had an open mind about what changes are needed. "It's got problems. We think the problems need to be looked at (including) the question of an international monetary conference." The President's statement did not say whether there should be such a conference, where it should be, who should attend or what the agenda should be, even when it should be, he said.

"We will make no major move or any sort of action that would undermine or short circuit the process that is well set in place and agreed by all to be the next stage of the debate, the interim committee meeting in April... That is a world forum, a fully representative world forum," he stressed.

**Caribbean seeks US aid boost**

BY CANUTE JAMES IN KINGSTON

LEADERS of eight English speaking Caribbean islands who are meeting President Ronald Reagan in Grenada on Thursday are to ask for increased aid and an improvement to a US trade programme for the region.

Caribbean government officials say privately, however, that they do not expect Mr Reagan to meet the request.

The President is making a four-hour visit to the 344 sq km island. In addition to meeting the Caribbean leaders, with whom he will discuss regional economic and security matters, he will unveil a monument to honour US soldiers killed in the invasion in 1983 which toppled a military junta which had taken power after killing Mr Maurice Bishop, the island's Socialist Prime Minister.

The officials say the Caribbean request for more aid will be supported by references to the poor performances of the traditional props of the island's economies. Sugar, bananas,

fiscal year.

The Caribbean leaders are slightly more optimistic about a planned request to the President for an improvement to the Reagan Administration's trade scheme for the region. The Caribbean Basin Initiative (CBI).

The CBI is a 12-year trade programme, which began in 1984 and allows countries designated by Washington to ship a range of goods duty free to the US.

While welcoming the programme, the Caribbean has repeatedly expressed disappointment that it omits what are considered economically important products from preferential treatment.

US Government sources agree Mr Reagan is unlikely to comply with the request. They point to the need for the Administration to meet budget deficit targets of the Gramm-Rudman act, and say US official aid of about \$11bn (5785m), to Central America and the Caribbean in 1985 will be reduced by about 20 per cent in the 1986

**UK stands firm on Falklands sovereignty**

By Robert Metherell, *Diplomatic Correspondent*  
BRITAIN'S refusal to discuss sovereignty over the Falklands Islands remains as firm as ever in spite of the offer by Mr Tim Eggar, a junior Foreign Office minister, to meet a visiting delegation of four Argentine parliamentarians, the Foreign Office said yesterday.

The parliamentarians are the guests in London of the South Atlantic Council, a group composed of MPs from all parties, academics and business leaders which is to improve relations between the two countries.

They are expected to have talks with Mr Eggar on Friday.

Tomorrow they will meet Mr Alastair Cameron, the Falkland Islands' representative in London.

Mr Cameron's decision to make contact with the first Argentine politicians to visit Britain since the Falklands conflict in 1982, the Foreign Office said, was "fully consistent with Britain's policy of seeking to improve bilateral relations with Argentina."

However, it did not indicate any fundamental change in the British Government's policy which was that the people of the Falklands should be free to choose their own government.

Mr H. Ross Perot is said to be the richest man in Dallas. A former IBM computer salesman, he founded Electronic Data Systems (EDS) with an idea his company would not consider and \$1,000 of his own savings. When General Motors acquired EDS as an independent operating subsidiary in October 1984, it paid \$2.55bn and took Mr Perot onto the board as a director.

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One trophy has been made before to Mr Avrill Herriman, best known as administrator of America's wartime Lend-Lease programme, and to Mrs Margaret Thatcher for her strong

**BLAME MAY FALL ON SPACE AGENCY DECISION MAKERS****Nasa fights to salvage reputation**

BY NANCY DUNNE IN WASHINGTON

OFFICIALS of the commission appointed by President Reagan to investigate the space shuttle disaster are under pressure to take their turn answering questions today as they describe the progress and form of their investigation before a Senate sub-committee.

The hearing follows a week of revelations which have led observers to conclude that blame for the January 28 tragedy will ultimately fall as much on decision-makers at the National Aeronautics and Space Administration as on failure of the booster equipment.

Administration officials are reportedly considering the appointment of Ms Janice Fletcher, a former Nasa administrator, as permanent Nasa chief. Mr James Beggs, the current head, is on leave to fight fraud charges not connected with the space agency.

White House officials are speaking of the need to have an experienced Nasa leader as the demoralised agency strives to salvage its reputation.

Increasingly, the commission has seemed to centre its investigations on the solid fuel booster rockets, the O-rings sealing joints in the boosters and the design of the O-rings.

In fact, Morton Thiokol, the company which makes the boosters, last year produced 43 design alternatives. But Nasa had not decided which way to proceed by January 23.

Nasa engineers yesterday were processing photographs of rocket wreckage taken by a small manned submarine crew on the floor of the Atlantic.

The debris is thought to be part of the right-hand rocket booster and may contain a more definitive answer about what went wrong aboard the Challenger.

Mary Frings reports on a businessman with an unusual style

**Churchillian spirit spotted in Texas**

MRS NANCY REAGAN will lead the applause at a 1,500-guest banquet in Dallas tonight, when Prince Charles presents the Winston Churchill Award to a small unassuming Texan with crewcut hair and a French-sounding name.

Mr H. Ross Perot is said to be the richest man in Dallas. A former IBM computer salesman, he founded Electronic Data Systems (EDS) with an idea his company would not consider and \$1,000 of his own savings. When General Motors acquired EDS as an independent operating subsidiary in October 1984, it paid \$2.55bn and took Mr Perot onto the board as a director.

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Mr Perot... Iranian mission

Vietnam and chartered two Boeing 707s in an abortive attempt to send them medical supplies and Christmas dinners.

When two of his employees were held hostage in an Iranian jail, he slipped into Iran himself to assure them that a private rescue mission was in the works.

He was way in an adventure which thriller writer Ken Follett turned into a 1983 best-seller, *On Wings of Eagles*.

In Texas, successive state governors chose him to spearhead the war on drugs and the reform of the educational system.

A sign at the door of Mr Perot's office reads: "Every good and excellent thing stands moment by moment on a razor's edge of danger, and must be fought for."

That is the philosophy that in the systems design and management field has enabled EDS to go into competition with a giant like IBM and win.

Mr Perot speaks of his "young EDSers" with pride, metrics say he wants to own their body and soul, and much has been written about the disciplined, performance-oriented corporate culture which many of the 7,000 GM data processors who were transferred to EDS found very hard to take.

His dissatisfaction was understandable, since they were offered a less secure benefits package and the EDS system seemed to be the tail wagging the dog. Mr Perot says GM was to blame for not giving full explanations beforehand — but the 800 or so employees who opted for early retirement probably would not have fitted in at EDS anyway.

Although staff numbers have grown from 15,000 to 40,000 since the GM merger, Mr Perot is determined that creativity and efficiency should not be compromised.

"If an EDSer sees a snake he kills it. In your typical big corporation a report goes to management and a consultative committee is called in. Two years later someone decides snakes have rights too."

Protocol does not exist at EDS. Mr Perot stands in line for his lunch at the company cafeteria, and an employee meeting him in the corridor is liable to say: "Look, Ross, this needs to be changed and I think..."

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## The new Mercedes-Benz 200-300E series. Shrinks the miles. Stretches the imagination.

The Mercedes-Benz 200-300E series represents a totally new generation of medium-sized cars.

New from the ground up and from numberplate to numberplate. Yet the cars are still classically Mercedes-Benz.

In achieving this, we have re-defined the standards for cars of this size. Rewritten the ride-versus-handling equation.

And revived the pleasure of motoring.

### Engineered to be effortless.

In the new 200-300E series, the driver can feel instantly at ease with his machine.

The engines only whisper their presence, the progressive power-assisted steering transmits a precise feel of the road. The dynamic handling characteristics inspire confidence at all times.

And with six engine options, you can choose precisely the right power for your needs, from brisk to distinctly sporty.

Model	Engine size (cc)	Cylinders	Transmission (standard)	Horsepower DIN	Top speed (mph)	0-100 kph (0-62 mph)	Price
Petrol 200	1997	4	5-speed manual	109	116	12.6 secs	12500
230E	2299	4	5-speed manual	136	126	10.4 secs	13665
260E	2599	6	4-speed auto	166	133	9.5 secs	16170
300E	2992	8	4-speed auto	188	139	8.2 secs	17840
Diesel 250D	2497	5	5-speed manual	90	108	16.2 secs	13790
300D	2998	6	5-speed manual	109	118	13.7 secs	15600

Each one delivers its power in a relaxed, leisurely manner. For instance, at 70mph the 230E engine is turning over at under 2500 rpm.

There are useful reserves of power built in, too. The 300E will comfortably reach 139mph.

Naturally, with this power and performance, handling and suspension have to be exceptional.

Not surprisingly the 200-300E series probably has the most highly-developed steel suspension system on any saloon car in the world. This gives the driver the confidence to take fast bends in a relaxed manner, without ruffling his passengers.

And when you need to cut the performance and come to a standstill, the massive 4-wheel dual circuit disc brakes will see to it that you come speedily to a halt in a most undramatic manner.

### Engineered to be safe.

The 200-300E series is yet another celebration of Mercedes-Benz' dedication to safety.

The passenger compartment has been made even more resistant to lateral impacts and roll-over accidents.

The front seat belts have unique electronic tensioners which work instantly in the event of a severe head-on impact, to give maximum restraint.

In order to maintain the clearest possible view of the road ahead in heavy rain, Mercedes-Benz have taken a whole new look at the windscreens wiper. Their new eccentric-sweep version cleans an unprecedented 86% of the screen.

And, with optional ABS anti-lock braking, no combination of road surface or weather conditions will prevent you from retaining

total steering control during an emergency stop—because each wheel will give maximum braking power without skidding.

### Engineered to be economical.

Science and engineering have joined forces to produce engines for the 200-300E series that have greater performance than before, with far greater economy.

Critically balanced crankshafts, reduced masses and lower friction losses combine to extract the maximum drop of power from the minimum drop of fuel.

Add to this the aerodynamically sculptured bodies, using weight saving materials, and you'll begin to see why the average\* fuel consumption figures for the new 200-300E series are at least 17% better than the figures for the comparable previous models.

The new 200-300E series offers the driver the perfect balance between everything he seeks in a car. The driving experience is smooth and effortless, yet the dynamics of the new suspension and power units encourage sporty driving.

In true Mercedes-Benz style, the 200-300E is made to be enjoyed, and admired, for a long time to come.

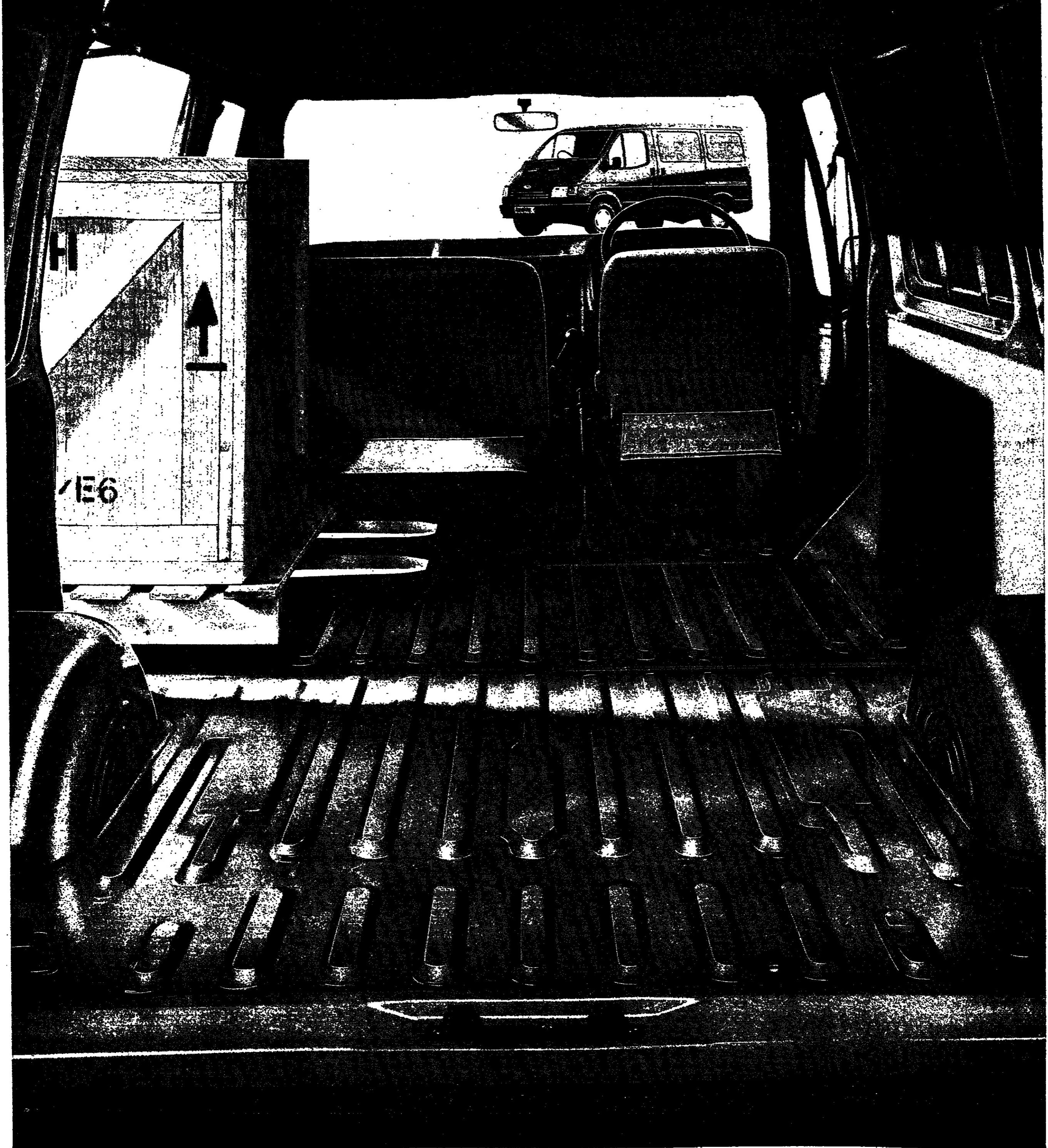


**Mercedes-Benz**

Engineered like no other car in the world.

Official Fuel Consumption Figures - mpg (l/100km)  
200 5-speed manual Urban 25.1 (11.2), 55 mph 46.1 (6.3), 75 mph 36.7 (7.7) 200E 5-speed manual Urban 25.4 (11.1),  
55 mph 45.8 (6.2), 75 mph 36.9 (7.0) 230E 5-speed manual Urban 23.1 (13.5), 55 mph 34.4 (8.2), 75 mph 28.5 (9.5),  
300E 4-speed automatic Urban 22.9 (12.4), 55 mph 34.0 (8.3), 75 mph 28.2 (10.0) 260D 5-speed manual Urban 31.6 (9.9),  
55 mph 52.1 (5.4), 75 mph 40.3 (7.0) 300D 5-speed manual Urban 29.9 (9.5), 55 mph 52.5 (5.4), 75 mph 40.6 (7.0).  
\*Average based on one third each of Urban/56/75 mph fuel consumption figures.

## THE NEW FORD TRANSIT TAKES LOADSPACE INTO ANOTHER DIMENSION.



**W**HAT began 20 years ago as Ford's entry into the medium commercial vehicle arena, has evolved into one of the most outstanding motoring success stories of the century.

Now the next chapter has begun.

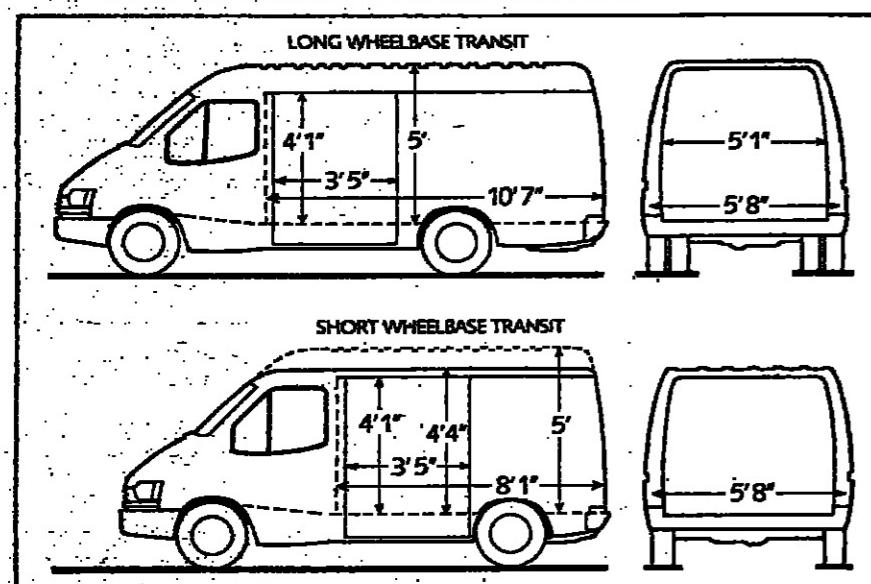
The new Ford Transit not only gives you significantly more loadspace, it also gives you far better load access.

#### TAKING LOADSPACE INTO ANOTHER DIMENSION.

The new Transit once again features the classic Ford design concept.

The cab, engine and loadspace are each located in separate compartments, so that no one element interferes with the others.

The end result is a vehicle with a cavernous interior:



The new long wheelbase Transit has a semi-high roof and provides 297 cu. ft. of loadspace - a 13.5% improvement.

Short wheelbase models offer 11% more room than before with 202 cu. ft. And a major new feature on the short wheelbase is the option of a semi-high roof giving an overall loadspace improvement of 22%.

But not only is there more loadspace, more of it can now be used thanks to the squared-off interior of the new Transit. Payloads are easily among the best in their respective classes too.

#### EASIER TO LOAD.

Having created more loadspace, Ford set about the task of improving access.

The rear doors were extended by up to 9" and the rear loading width increased by up to 5½". It's given the Transit a wider opening at the back than any other van in its class.

Totally new to the Transit is the low-effort, sliding side-door. It allows you to easily load a metre-wide pallet with room to spare.

The side-door is standard on all L trim models and optional on Popular and Standard models. A built-in step has also been included in the new design, making walk-in loading possible.

#### KEEPING YOUR OPTIONS OPEN.

Needless to say the new Transit is an extremely versatile vehicle.

It's available in van, chassis cab, bus and crewbus models with 7 payload options and 3 wheelbases.

All models have rear wheel drive and retain the same powertrain that has already proved itself such an outstanding success.

#### UNBEATABLE FORD BACK-UP.

There are over a thousand Ford dealers across the country and each one is backed by Ford's computerised parts delivery service. They're all part of a back-up network that is, quite simply, second-to-none.

Test drive the new Transit and you'll soon discover that it's a vehicle that pushes all the limits further. It's a vehicle that takes loadspace into another dimension.

In the success story that's Ford Transit the next chapter has begun.



**THE NEW FORD TRANSIT.**

## Slowdown in retail sales growth, but shoppers spend more

BY GEORGE GRAHAM

BRITAIN'S RETAILERS are seeing slower growth in their sales volume, according to the latest joint Confederation of British Industry/FT survey of the distributive trades, published today. Shoppers are still spending more than in the same month a year ago, however.

The survey follows the announcement by the Department of Trade and Industry yesterday that retail sales in January had fallen by 1.1 per cent from the previous month.

Retailers were too optimistic at the end of December about the outlook for sales in January, the survey finds, and they expect a slight further slowing of sales in February.

In the total distribution industry, including retailers, wholesalers and motor traders, 51 per cent of the 600 companies surveyed said sales volume in January was higher than a year earlier, compared with 14 per cent who said volume was lower - a balance of 47 per cent.

A balance of 43 per cent expected sales in February to be higher than a year ago, while a balance of 27 per cent expected sales volume to be good for the time of year.

In the retailing sector, sales volumes grew a little more slowly in January. A balance of 45 per cent of the 309 companies surveyed reported better sales last month than a year earlier, slightly less than in the previous month.

Clothing shops reported the largest increase in sales and grocers continued to report good trade. The only sectors where sales were lower than a year ago were confectionery, tobacco and newspaper (CTN) shops and chemists.

For February, a balance of 43 per cent of retailers expect sales volumes above the February 1985 level. Only CTN shops anticipate decreased sales.

Retailers continued to slow the rate at which they place orders with their suppliers. The balance reports increased orders fell to 24 per cent, the lowest since June last year. The slowdown in orders may be related to increasing stocks, the CBI says. The balance of retailers reporting excessive stocks rose again in January to 23 per cent.

Wholesalers' sales slowed in January after a good December. The balance of the 232 wholesalers in the survey reporting sales higher than a year ago fell from 61 per cent in December to 52 per cent in January.

Builders' merchants and wholesale-sellers of "other goods" reported good increases in sales compared with a year ago, but sales of durable household goods and agricultural machinery were lower.

Builders' merchants' sales have recovered from the low levels that they fell to after the imposition of value-added tax (VAT) on building repairs in July 1984.

In February, a balance of expectations of plus 46 per cent suggests further growth in sales for wholesalers overall, although at a slightly slower pace than in January.

The volume of orders placed with wholesalers' suppliers in January did not rise as much as had been expected in December. The balance of wholesalers placing increased orders fell to 33 per cent from a relatively high 51 per cent in December.

In February, a balance of 34 per cent of the respondents expects to place more orders than a year ago. Wholesalers' stocks fell sharply. A balance of 2 per cent of wholesalers reported stocks were too low in relation to expected sales in January, compared with a balance of 10 per cent reporting stocks too high in December.

## UK NEWS

## New models give British truck production a large boost

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

PRODUCTION of BL's commercial vehicles increased by nearly 25 per cent last year, boosted by a string of new models.

Strong performances by Ford, the leading commercial vehicle producer in the UK, and General Motors-Bedford, also contributed to the improvement in output from the depressed 1984 level, when production dropped to the lowest point for 35 years.

Among state-owned BL's subsidiaries, Austin Rover recovered last year from the steep downturn in its light van production in 1984 when the Ital van was phased out.

Last year Austin Rover introduced the Maestro van and this lifted its sales by nearly 30 per cent over 1984.

Land Rover (excluding Range Rover vehicles which count as cars) also recovered well last year and output was up by more than 21 per cent.

The medium and heavy BL van company, Freight Rover, launched the wide-bodied versions of its Sherpa van and that contributed to a sales increase of more than 12 per cent last year compared with 1984.

Leyland, BL's truck and bus busi-

UK COMMERCIAL VEHICLE PRODUCTION		
Austin Rover	1984	1985
Land Rover	18,030	25,028
Freight Rover	25,800	31,046
Leyland Truck and Bus	16,843	18,979
Total BL	12,032	15,461
<b>Total BL</b>	<b>72,516</b>	<b>90,444</b>
Ford	94,211	101,407
General Motors-Bedford	47,007	50,783
Dodge	7,078	7,472
Houston Dennis	976	876
Metro-Cammell-Weymann	494	436
Renault Truck Ind.	4,770	5,922
Seddon Atkinson	1,845	1,867
Others	417	233
<b>Total</b>	<b>224,825</b>	<b>263,283</b>

Source: SMMT Monthly Statistical Review

on a Japanese design - which helped to boost its commercial vehicle output by over 29 per cent.

Ford did well to increase commercial vehicle production at all last year because it slowed down the lines at its Southampton factory to replace the old Transit van, Britain's best-selling commercial, with a new version.

Figures soon to be published in the Society of Motor Manufacturers and Traders' Monthly Statistical Review confirm that total UK commercial vehicle production last year increased by 17 per cent from the severely depressed levels of 1984.

Smaller UK-based producers last year had mixed fortunes. While the Dumbleton facilities of Renault, the state-owned French group, produced more than 5 per cent more Dodge and Renault commercial vehicles than in 1984, and ERIF's output rose by nearly 4 per cent, Ford's production was down by a third.

The company, owned by Paccar of the US, says this was because it refused to become embroiled in the worst excesses of the price war in Britain.

Links bind Land Rover, Page 12

## Court plea on sherry trade mark

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

AN ENGLISH subsidiary of the expropriated Spanish Rumania Group yesterday asked the High Court to order that trade marks for Dry Sack sherry be returned to the group's control.

Williams and Humbert alleged that the trade marks had been wrongly transferred from it to a Channel Islands company controlled by Rumania's founder and former head, Mr José María Ruiz-Mateos.

The hearing is expected to last

at least a week, although Williams and Humbert's claim is unopposed.

Earlier this month the court heard that Mr Ruiz-Mateos, who is under house arrest in Spain awaiting trial on charges arising out of Rumania's conduct prior to its expropriation in 1963, had withdrawn from the case.

Williams and Humbert alleged that in 1976 there was a secret agreement under which the Dry

Sack trade marks, valued worldwide at about £22m, were transferred by Mr Ruiz-Mateos to W & H Trade Marks (Jersey), a company controlled by Mr Ruiz-Mateos, his four brothers and their sister.

It was alleged that the transfer was in anticipation of possible expropriation of the 300 companies in the Rumania group by the Spanish Government, and with a view to the Mateos family retaining control of the trade marks.

## HOW TO GET THROUGH TO PEOPLE



Air Call beepers keep you in touch, wherever you are. Anyone can reach you, with only a phone call.

For pennies per day, you can ensure that the message will always get through, straight to your pocket. Air Call beepers give you genuine wide-area coverage (many competitors don't) and 24-hour operation. You get the pick of Air Call's unique range of message-handling and PA services.

There's no quicker, simpler or more discreet way to keep yourself available. With an Air Call beeper, you cut the cost of lost time and missed messages.

You win the rewards of extra productivity. Find out all about Air Call beepers, by calling 01-200 0200, now.

**AIR CALL**



## UK NEWS

### Labour renews claim for legal safeguards on investor protection

By NICK BUNKER

LABOUR MPs are to renew their attempts to win a measure of legal immunity for the self-regulatory organisations (SROs), which are to conduct routine investor protection when the Financial Services Bill becomes law.

There is concern among Opposition MPs, and SROs including the Stock Exchange and the National Association of Security Dealers and Investment Managers (Nasdaq), that the SROs could be severely handicapped by lawsuits, such as libel actions, brought by businesses which they tried to discipline.

The issue has become more urgent after the defeat in the House of Commons last week during the bill's committee stage of a Labour amendment that would have freed the SROs from any liability for damages claimed by their members.

Mr Bryan Gould, Labour's trade spokesman, said yesterday that he would try again to change the bill. If necessary, Labour peers would table a further amendment during its passage through the House of Lords.

Nasdaq, the stock exchange and the Association of Futures Brokers and Dealers (AFBD) each intend to make clear to the Government their view that they need legal immunity similar to that which the bill gives to the Securities and Investments Board (SIB) and its officers.

As the bill stands, the SIB will not be liable to any claims for damages arising from actions taken in good faith while exercising its delegated powers to regulate the financial community. Mr Michael Howard, the Corporate and Consumer Affairs Minister, is refusing to give this privilege to SROs largely on the constitutional grounds that statutory immunity should be granted only very rarely to private bodies.

The stock exchange, whose decisions have traditionally been subject to judicial review, voiced fears last night that under the new system of investor protection litigation might increase, adding to the need for a measure of immunity.

There is likely to be some debate among SROs, however, about how far any immunity should extend.

### Marconi to take part in SDI contract

By Peter Marsh

MARCONI PROJECTS, part of the GEC group, is to take part in the US Strategic Defence Initiative (SDI) under a sub-contracting arrangement with Ford Aerospace and Communications, a large US defence contractor. The work could be worth about \$100,000 in the first year, possibly increasing later.

Under the agreement Marconi Projects will work on the computer and communications aspects of a defensive system to shield the West from a nuclear strike.

The company will be particularly concerned with the problems faced by Western Europe in spotting and destroying, perhaps with devices such as laser guns, short-range missiles fired from land or submarine.

Marconi Projects will join forces with Ford on two SDI contracts, awarded by the US Air Force and US Army and worth a total of \$1bn, on which the US concern is already working.

Mr Ian Sutherland, managing director of Marconi Projects, said yesterday it was too early to say exactly what work it would do.

SIB'S REASONS for opposing the idea of splitting Land Rover from the state-owned group's other vehicle operations and selling it separately – an idea first mooted by Mrs Margaret Thatcher, the Prime Minister, in the late 1970s – have been emerging recently.

Mr David Andrews, the BL executive director responsible for the Land Rover-Leyland commercial vehicle operations, told the House of Commons all-party trade and industry select committee that Land Rover UK was strongly linked with other parts of BL.

He pointed out, for example, that Freight Rover, the Shropshire van business which is part of the Land Rover company, buys engines and axles from Austin Rover.

The vans, Land Rover and Range Rover vehicles, are sold through the same franchise in networks overseas. "These are very important linkages," Mr Andrews said.

He said there were also exchanges of technical know-how between Land Rover and the car and truck businesses within BL about materials and some components.

"Very great care would have to be taken to protect these linkages if Land Rover was sold."

Mr Ray Horrocks, the BL executive director responsible for the car operations, said: "There is an interesting, symbiotic and interlocking relationship between the two operations.

very important customer for Austin Rover (the volume car subsidiary). It is not a matter of a simple movement of an apparently separate business out of BL. There would have to be a number of significant changes within BL before it could be done," he said.

Those remarks were made about six months ago. Since then BL has come very close to completing a deal to sell Land Rover and Leyland Trucks to General Motors (GM) of the US, so it seems sure that BL has prepared for those "significant changes" Mr Horrocks mentioned.

At first sight the links are strongest between Austin Rover and the Land Rover company than between Land Rover and Leyland Trucks. In some important far-flung markets, Leyland trucks and Land Rover four-wheel-drive vehicles are sold through the same distributors and sometimes assembled in the same factory – as happens in one of the most important export territories, Nigeria.

However, the two operations share no components. On the other hand, apart from the components

petrol engine that powers the Rover SDI saloon car.

That engine will not be used in the new Rover 800, developed jointly by Austin Rover and Honda of Japan, and which will replace the SDI Rover.

So there must be a question about whether it would be worthwhile to produce it in very small volumes for Land Rover alone.

Land Rover was also due to share the diesel version of the Austin Rover "U" series engine developed in co-operation with Perkins, the UK diesel engine maker.

Another link with a sister BL company was severed recently when Land Rover set up its own spare parts distribution operation – business previously handled by Unipart.

There are about 1m Land Rover and Range Rover vehicles working worldwide. Mr Tony Gilroy, Land Rover's managing director, said the spare parts operations were taken in-house to show just how seriously his company considered them.

In the 18 months since the change, spare parts revenue increased substantially, up from the £100m mark, apart from the components

Land Rover is a highly integrated manufacturer, producing most of its own engines, transmissions and axles, as well as bodies from panels pressed at the Freight Rover factory at Common Lane, near Solihull, west Midlands, where there is room to spare.

It buys a few transmissions from ZF in West Germany and from an associate in Spain, Land Rover Santana – the Santana units are made to a Land Rover design.

Some observers question whether Land Rover's output – nearly 61,000 at the peak in 1980 but down to under 46,000 last year – could generate enough revenue for the company to be able to stand alone in the long term. They say the company would need a "big brother" to see it through when investment demands reach a peak.

There is another school of thought, however, which believes that Land Rover, with an annual turnover of more than \$600m, is capable of standing on its own feet. The Land Rover directors, who once hoped for a management buyout when it seemed that GM would not want their company, obviously come into that category.

Mr Peter Dupont, of stockbrokers Phillips & Drew, said: "Land Rover has come through four difficult years – but that is not unusual in UK manufacturing industry. I can't see why the company could not be viable over the long haul, and it should be capable of making £20m to £30m pre-tax profit a year at least."

He said Land Rover was only just about to tap the lucrative US market with the Range Rover, and that still left South America to be exploited.

The potential deal with GM also has its supporters, however. Mr Paul Burgess of Birmingham stockbrokers Albert E. Sharp, said: "The industrial logic of Land Rover going to GM is impeccable – and it would probably be very good news for the West Midlands as long as there are the right guarantees about component sourcing."

Mr Burgess suggested that while Lordino, another suitor for Land Rover, could offer help with distribution in Africa and the Middle East, these were areas where Land Rover was already strong.

GM, on the other hand, could offer a worldwide distribution network and tremendous potential in North America, not only through private buyers but also via US military orders.

"GM could bring in so many orders that it would blow the doors off the Solihull factory," Mr Burgess said.

### Dublin seeks halt to N-plant discharges

By HUGH CARMEN IN DUBLIN

THE IRISH Government, increasingly anxious about operations at Sellafield nuclear waste disposal plant in Cumbria, north-west England, is to urge Britain to halt all discharges from the plant and is seeking action by the European Community to ensure safety standards.

There has long been strong concern in both the Republic and Northern Ireland about possible effects on the Irish east coast of radioactive emissions into the atmosphere and discharges into the Irish Sea.

Mr Dick Spring, Deputy Prime Minister and Energy Minister, is to lead a special Cabinet discussion of the issue today in the light of the most recent developments, including the disclosure by British Nuclear Fuels at the weekend that radioactive leaks from the plant in 1984-85 were 40 times greater than had been admitted earlier.

Mr Eddie Collins, junior minister at the Department of Energy in Dublin, said in a statement on Sunday night that following the latest disclosures and three incidents at the plant in the past month, he intended to press for "the total end to discharges from Sellafield."

He intended to meet Mr Stanley Clinton-Davis, European Commissioner for the Environment and Nuclear Safety, to urge the early establishment of a European inspection force to oversee Sellafield and similar plants.

Irish officials met British Energy

Department officials in London last Friday to express Dublin's concern about Sellafield and meetings at a more senior level are now likely.

Although there is no firm evidence available of harmful effects in Ireland from Sellafield, the Government is investigating levels of leukaemia and other diseases. There have been allegations based on local reports of abnormally high levels of Down's Syndrome in some east coast areas.

David Fishlock writes: Each month's delay in a decision on the Sizewell B nuclear inquiry is costing the electricity industry £34m, the Government has said in answer to questions raised in the House of Lords last month.

Lord Gray, Minister of State at the Scottish Office, says this estimate is made up of costs of £1.9m to the Central Electricity Generating Board (CEGB) and the National Nuclear Corporation, and a further £1.5m in delay claims expected from the CEGB's contractors.

The Sizewell B inquiry, which lasted for 26 months, was into CEGB plans to build Britain's first big pressurised water reactor at Sizewell, Suffolk, on the east coast of England. When the inquiry ended last March, the CEGB expected the report to be ready by early autumn.

Mr Peter Walker, Energy Secretary, who ordered the inquiry, said last November that Sir Frank Layfield, the inquiry inspector, would not be ready to report before this spring.

### BT cuts car telephone price by up to £500

By JASON CRISP

A PRICE WAR for mobile telephones using cellular radio has forced British Telecom to cut its prices by up to £500. That brings the list price of its cheapest car telephone to £399 – the first time it has fallen below £1,000 other than for special offers.

The move is in response to even lower prices by some dealers, who have been selling mobile telephones at prices close to cost – they try to make their money through the percentage they get of the customers' call and connection charges.

BT's prices will still not be the lowest, but it finds its dealers, who include independent companies as well as its own local districts, can get a premium of just over 10 per cent on the basis of its name.

An executive in BT's Mobile Phone Division said yesterday: "There is now severe price competition in some areas such as London. Some dealers are asking silly prices. But we have to recognise

that many of the telephones in our range are similar models to theirs."

BT's Mobile Phone Division is the largest retailer of cellular telephone equipment with 12,000 subscribers to Cellnet, the separate part of BT that provides the network services.

The latest cuts mean that some of BT's prices are significantly below Vodac, the subsidiary of Racal, which is the largest retailer on its Vodac network, with about 11,000 customers. The cheapest car telephone on Vodac is £1,150.

Both Vodac and BT's Mobile Phone Division, however, are asking £2,495 for the Motorola hand portable telephone, which is available for about £2,250 from some of the smaller outlets.

BT's current range of mobile telephones comprises in most cases the same models as sold by its competitors. This year it is to launch six new models, which are mostly exclusive and are less vulnerable to price competition.

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**JAMAICA**

## UK NEWS

## Overseas unions offer support in print dispute

BY PHILIP BASSETT AND DAVID THOMAS

LEADERS OF overseas printing unions travelled to London yesterday to offer support to the British print unions in dispute with Mr Rupert Murdoch's News International (NI) over its new publishing plant at Wapping, in east London.

The switch of NI titles from central London to the high-technology plant at Wapping earlier this month led to the dismissal of about 6,000 print workers.

The overseas delegation was led by Mr Erwin Ferlemann, president of the International Graphical Federation, which has 43 print unions in 33 countries with 760,000 members in affiliation. Mr Ferlemann is also president of the West German printing union.

Mr Ferlemann said that the International Graphical Federation had called on its affiliates to support the British print unions financially and to refuse to handle any work which NI transferred abroad as a result of the dispute.

Mr Danny Sergeant, president of the print union, Sogat 22, also said yesterday that unions in Sweden, Finland and Canada had indicated a willingness in principle to back

newspaper destined for NI in Britain.

Mr Ferlemann said the dispute had elements which overseas print unions had never encountered. These included the action by NI of building a greenfield site apparently with the intention of undermining the position of the print unions; the actions of the electricians union some of whose members have been performing work at Wapping traditionally done by print workers and the part in the dispute of the labour law.

NI is considering further legal action against the print unions to try to increase the print run of its largest newspaper, which has been badly hit by industrial action in Manchester. Officials of the company met its legal advisers yesterday to draw up plans for legal action against print union members in Manchester.

The company's four titles - The Times, The Sunday Times, The Sun and News of the World - are being printed at the Wapping plant. In addition, the News of the World is normally printed in Manchester, but industrial action by print union

members there has caused the company to lose about 1.5m copies a week of the News of the World.

That is the largest hole in its present circulation, and the company wants to try to close it in order to improve its supply of papers.

However, fresh legal action is unlikely until after the National Graphical Association (NGA) craft print union has completed its ballots for industrial action among members who work on The Times literary and educational supplement.

Mr Tony Dabbs, NGA general secretary, repeated his confidence that both the balloting would produce majorities for industrial action, and that if they did, the action would be within the law and meet the specific points raised by the High Court last week when the union was fined £25,000 for contempt.

Leaders of the NGA and the general print union Sogat 22 last night met at the Trades Union Congress (TUC) headquarters in London to consider joint strategy in the face of the mounting legal action arising from the dispute.

## Oil link-up by Bechtel and Laing

By Dominic Lawson

BECHTEL, the US engineering group and Britain's John Laing Construction have set up a joint UK company to carry out design and engineering work for oil and gas projects both in the North Sea and overseas.

The move follows pressure from the UK Department of Energy and its offshore watchdog, the Offshore Suppliers Office, on US companies involved in North Sea design to transfer their technology to UK offshore contractors.

The new joint venture between Bechtel GB and John Laing in which Laing will have a 51 per cent equity stake, is likely to be followed by other alliances between US companies with design capability and UK fabrication capacities. The UK subsidiary of Brown & Root, one of the world's largest engineering companies is believed to be holding merger talks with a quoted UK construction company.

Mr Alick Buchanan-Smith, UK Energy Minister, has been increasingly concerned at the lack of platform design work for the North Sea being awarded to UK-owned companies. Britain's Department of Energy last year pressured the Shell/Essco partnership to give a big platform design contract to a UK company, rather than to Bechtel.

Acting arm-in-arm with a UK-owned company, Bechtel stands a better chance of winning such North Sea orders. Mr Buchanan-Smith said yesterday that 'Bechtel's decision to join with Laing is a significant step, confirming the company's position as a key part of the fabric of the UK's offshore supply industry.'

Bechtel conceded yesterday that it would be involved in a transfer of its technology to Laing, but that it was familiar with such arrangements in its activities in countries such as India and Malaysia.

## NatWest restructures branch network

BY MICHAEL CASSELL

NATIONAL Westminster Bank is making sweeping changes to its branch network and customer services. The move, designed to counter rising competition in the banking sector, is aimed at raising the quality of service given to its personal and corporate customers.

With 3,800 branches, NatWest represents the UK's biggest banking network. With an existing rationalisation programme, the reorganisation should, by 1990, reduce the number of outlets by around 100. The bank says its plans will have little overall effect on jobs throughout NatWest's domestic operation, which employs 53,000 people.

The move was criticised by the Banking, Insurance and Finance Union and the NatWest Staff Association, the main staff unions, which fear job losses and erosion of career prospects.

NatWest will form out of existing branches more than 100 corporate banking centres in busier commercial areas. These will provide specialist advice direct to larger, corporate customers.

About 2,000 smaller branches throughout the country will be de-

veloped to cater specifically for personal and small business customers. The branches will be grouped together, based around 450 locations throughout the country, and will be linked to a lead branch which will handle larger business accounts and co-ordinate local activities.

NatWest has already tested the linking system between smaller branches and says it has proved that the structure helps local branch staff to devote more time and attention to individual customer needs. About 700 branches which do not fit into the new geographical grouping will continue their existing operations, as will about 500 sub-branches.

As part of the reorganisation, the bank is to appoint two senior executives to take charge of the corporate banking and personal banking operations.

The existing NatWest structure of eight regional and 48 area offices is to be replaced by a single layer of about 25 strengthened area offices. The move is intended to streamline the decision-making process and put greater emphasis on local customer service.

## Railmen offered 4.5%

BY DAVID BRINDLE

BRITISH RAIL yesterday offered its 140,000 railway employees a no-strings pay rise of 4.5 per cent, warning the unions that the industry needed a clean and speedy settlement.

The unions, which had claimed "substantial" increases, were told that BR faced "serious adverse factors" - including the diversion of News International's £10m-a-year newspaper distribution business from rail to road.

Emphasising that it did not wish for "protracted" negotiations, BR said: "It is critical that customer confidence is maintained and that

there is no suggestion of any threat to reliability of service."

The offer came after the National Union of Railways and the train drivers' union, Aslef, decided to press only a monetary claim and to pursue separately demands for a shorter working week and longer annual leave.

The increase would add £2.71 to the £62.80 weekly wage of a railman, the lowest-paid grade, and £5.45 to the £126.85 of a train driver.

BR, which last year reported losses of more than £400m, is expected to hold further talks with the unions. The offer would be paid from April 14.

## UK suppliers 'fail Far East challenge'

BY JOHN GRIFFITHS

THE CHAIRMAN of Panther Car, Mr Young C. Kim, said yesterday that most of his 167 UK suppliers would not last five minutes in the Far East. He was speaking at an FT Conference in London on the outlook for the vehicle after-market.

Panther produces its chassis and bodies in South Korea, uses Ford engines from West Germany and transmissions from France, with assembly taking place in Britain.

Panther wanted more components from inside the UK. Korean suppliers were at a theoretical disadvantage because they wished to assess components rather than just drawings. "It takes time for a sample to go back and forth... yet I can still take delivery in less time than would be involved with a British company," Mr Kim said. "I have to say that you [the UK] are stuck with 3m unemployed because you have created the situation over many years, with attitudes that do not fit the modern world."

Suppliers in the UK invariably showed "fear and mistrust," wanting cash upfront and proof of Panther's viability. He estimated it would cost three times as much to tool up Panther's new Solo car in the UK as in South Korea. Korean suppliers were prepared to take some of the risks because they were so keen to do business.

Criticising the UK banking sector, also, for its conservatism, Mr Kim stressed that joint ventures could be of substantial mutual benefit to the Korean and UK components sectors.

The long-term issues and op-

### FINANCIAL TIMES CONFERENCE

#### AUTOMOTIVE AFTERMARKET

placement parts and accessories are sold. Mr Roy Rogers, director of GMSPCO, General Motors' UK parts operation, told the conference.

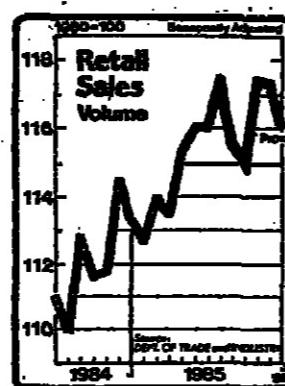
Mr Rogers predicted a virtually stagnant after-market for at least the next five years, one characterised by overcapacity, fragmented distribution and fierce price competition.

The after-market is tough, and it's going to take a lot tougher," he said. Leading retail groups such as B&Q and Halfords would seek to enter the market or enlarge their share of it.

Professor Garel Rhys, SMMT professor of Motor Industry Economics, said that during the next decade the degree of collaboration between the Japanese and US motor industries would become so widespread and would exist on so many levels that Europe might wake up one day to find a "critical mass" of links that add up to a de facto fusion of the two industries.

In such a world, the European producers "take the air of small, vulnerable producers. If they are to survive they must bury their differences, control their separate aspirations and national pride, and co-operate."

This year could see a big shake-out in the way in which vehicle re-



## Peak January sales for retail trade

BRITAIN'S retailers had the highest January sales on record last month, despite a sharper-than-expected drop in sales volume from pre-Christmas levels.

The Department of Trade and Industry (DTI) said yesterday that retail sales in January fell by 1.1 per cent from the previous month, but stood 2.3 per cent higher than in January 1985.

The seasonally adjusted index of retail sales is provisionally estimated at 116.0 for January, compared with 113.4 a year earlier.

Retail sales volume in the three months November to January was 1 per cent higher than in the preceding three months, and 3.5 per cent higher than in the same period a year earlier. The value of retail sales in January is provisionally estimated to have been 7 per cent higher than in January 1985, the DTI said.

In the City of London, brokers said the figures were not cause for concern about UK economic prospects, although they were much lower than had been forecast.

The Government is counting on consumer spending as a mainstay of economic growth this year. Mr Nigel Lawson, Chancellor of the Exchequer forecast in his Autumn Statement in November an increase of 4 per cent in consumer spending in 1986.

Spending slows, Page 11

□ SIR NICHOLAS HENDERSON, chairman of the victorious English Channel link consortium the Channel Tunnel Group, is to stand down in favour of Lord Penock, a former deputy chairman of ICI and chairman of BICC. Sir Nicholas took the job of chairman last February on the understanding that he would stay only long enough to win the contract.

□ A CODE of ethics for civil servants was ruled out as impractical in the House of Commons by the Civil Service Minister, Richard Lane, who said existing guidelines were adequate to deal with questions of conscience faced by civil servants in their dealings with ministers.

□ TRIANG TOYS, which was the subject of several government-backed rescues in the 1970s is to sever its connection with Merthyr Tydfil, South Wales, after more than 20 years. Any further trading will take place in Manchester, the company said.

□ AUSTIN ROVER'S Mini will set a car production record this week when the five-millionth model rolls off the production line at the Longbridge works in Birmingham.

□ CEMENT PLANTS in Britain were almost all brought to a standstill by a one-day strike over a pay claim, according to the unions which represent the industry's 4,300 process workers.

□ PLANS to develop a 10m sq ft (929,000 sq m) office centre at Canary Wharf in London's Docklands will create 57,000 permanent jobs, according to the Henley Centre for forecasting.

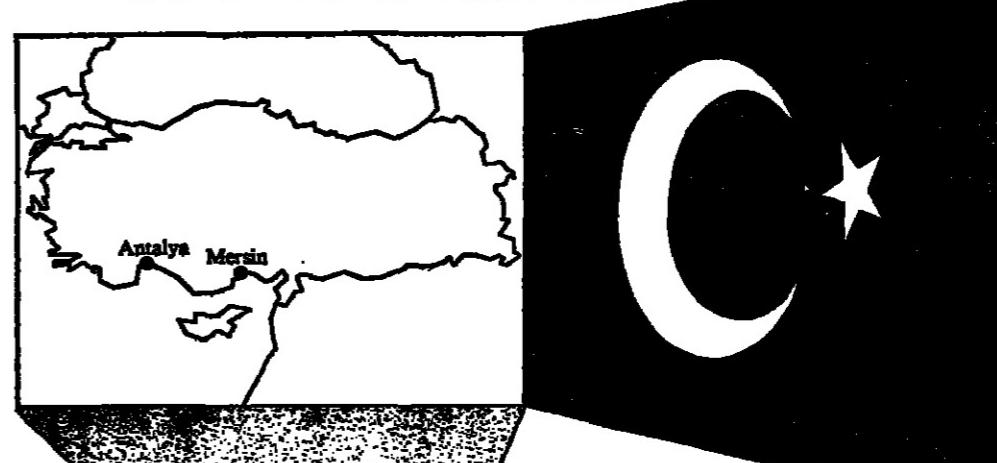
47 Electrical and Electronic companies, 2 Freight Forwarding agencies, 6 Printers and Publishers, 3 Haulage companies, 10 Computer companies, 22 Business and Secretarial services, 4 Packers, 2 Robotic Engineering companies, 25 Mechanical Engineering works, 15 Precision Engineering groups...and a man who makes printed circuit boards."



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## TECHNOLOGY

**Data links outstrip the US market**

**DATA COMMUNICATIONS** in the US is growing twice as fast as the rest of the telecommunications market, according to Frost and Sullivan, the US-based market research group.

A new study forecasts that total data communications revenues will reach \$14.5bn in 1988, more than double 1984's figure.

For some time the demand for datacoms services has been growing at 25 to 30 per cent a year, and will only slow slightly towards the end of the decade. By 1988, datacom revenues will account for 9.2 per cent of the total telecommunications market, compared with 6.1 per cent now.

F&S identifies several reasons. One is the proliferation of remote data terminals and desktop computers, many needing to talk to central mainframes. As stand-alone computers power increases and prices drop, even more screens and keyboards will come into use.

Towards 1990, the growing availability of integrated service digital networks from the world's telephone companies will allow yet more digital communication.

**DATA COMMUNICATIONS SERVICES** in the US, \$1,700, Frost and Sullivan, New York (212 223 1088) and London (01-933 4433).

**Richer diet for Filipino prawns**

BY STEPHANIE YANCHINSKI

**THE FUTURE** for prawn production in the Philippines is looking much tastier, thanks to a high tech chemistry from a British company.

Frippak Feeds, an emerging biotechnology company, has successfully tested a new feedstock which will overcome many of the problems of prawn fish farming.

This kind of fish production is growing rapidly as marine stocks decline, and is a top priority for government support.

The small crustaceans are among the most important products in world fish trade, with an export value in 1981 of \$2.5bn. Around 100,000 tonnes are produced by fish farms each year, a fraction of the 1.5m tonnes landed each year.

The problem is that artemia hatches at unpredictable rates, and often carries disease. Its nutritional value varies widely and must be supplemented with manufactured food flakes or pellets combined with an inert non-food binder which the fish do not digest, and which pollutes the hatchery water.

However, according to Raoul Conception, a leading Filipino businessman investing in fish farming, hatchery production could be increased 1,000 fold by using special feedstuffs.

It took Frippak eight years, working with Dr D. Jones of Bangor University, Wales, to solve the problems of how to encapsulate the right amounts

of proteins, vitamins, fats and minerals in a membrane which would slowly release nutrients yet not pollute the environment.

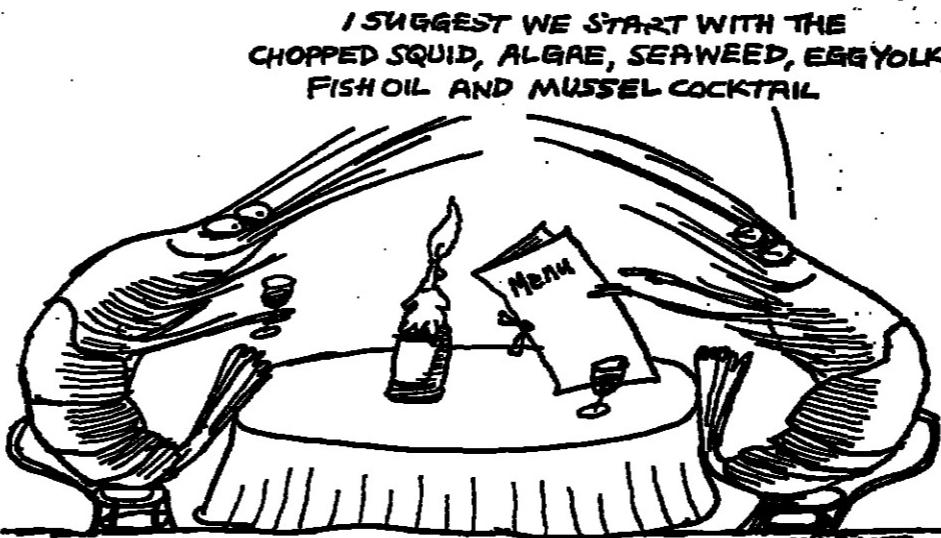
The Frippak process is based not on conventional flaking or extrusion or cooking, but on a gentle chemical treatment called interfacial polymerisation which involves no heat, and so preserves much of the protein value of the food.

The prawn feedstuff is made from a choice of exotic ingredients, including fish oils, algae, squid and mussels into an emulsion of minute particles ranging from five to 500 millionths of a metre.

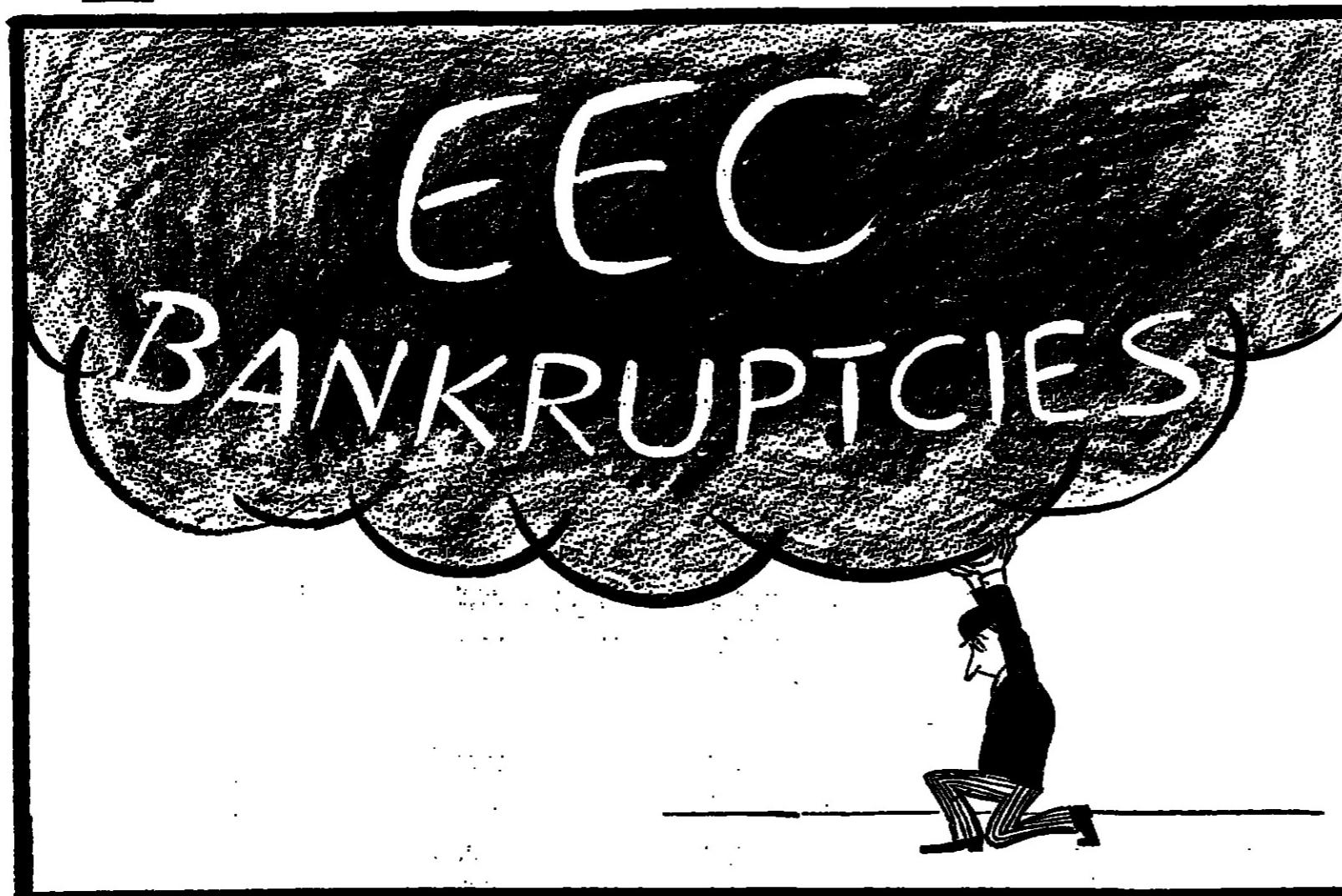
Frippak then uses a mild, naturally-occurring food acid to "play" with the outside layer of the food drop in such a way that proteins on the surface cross-link to form an insoluble membrane.

The resulting particles do not dissolve in water, yet remain digestible by the prawn larvae. The pellets, dried and sterilised, can be stored on the shelf and rehydrated one hour before use.

Frippak's pilot plant is producing a few tonnes a year to satisfy sales while a bigger factory is designed and built. This will eventually supply orders from countries which include Malaysia, Taiwan, Indonesia, Australia, the Philippines, the US, Sri Lanka, and the UK.



# 64,267 reasons to consider export insurance.



In 1984, Britain's partners in the European Community suffered 64,267 bankruptcies, an increase of 36% since 1982.

This figure in itself is reason enough to take out export insurance, particularly since these countries represent the UK's biggest export market.

The world recession has affected even these 'safe' markets, drastically increasing an exporter's chances of running up against serious financial problems.

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difficult for the exporter to predict when or if a problem will arise.

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## A faster focusing camera from Nikon

**NIKON** of Japan aims to break new ground in simplifying photography with the launch soon of a camera featuring what it claims is the most advanced automatic focusing system on any popular 35mm single lens reflex (SLR) camera.

The new model, the F-501, will be the first SLR which can focus automatically on fast-moving and stationary objects with equal ease. It will go on sale worldwide in early summer and will cost £270 in Britain, including a 50mm lens.

Automatic focusing cameras first went on sale less than two years ago and are available from several manufacturers, including Nikon. But buyers have had to choose so far between models dedicated to still life and ones which could only capture fast-moving pictures.

The Nikon F-501 overcomes this limitation by using more sophisticated and powerful microelectronics to enable it to respond rapidly to changing conditions. In particular, it has special lenses equipped with small four-bit microprocessors as well as the memory chip found in other auto-focus equipment.



When the lens is pointed at an object, the image at the centre of it is split in half and projected on to an array of charge-coupled devices in the camera body. There are special sensors which convert light into electronic impulses.

If the two halves of the image do not match exactly, an electric motor adjusts the lens to bring them into focus. It is controlled by an eight-bit microprocessor in the camera body, as powerful as the "brain" of a home computer, which exchanges information rapidly with the chips in the camera lens.

The Nikon F-501 uses two sets of charge coupled devices, instead of the single array found in other cameras. It decides which set to use depending on the focal length of the lens fitted.

Nikon is to offer a full range of lenses with the F-501. Prices have still to be announced but are expected to be higher than for standard Nikon lenses. These can also be used with the camera, although they have to be focused by hand.

ELAINE WILLIAMS

## Of holograms, credit cards and the human memory

## Video &amp; Film

By JOHN CHITTOCK

Universes are being challenged through holography. It began in part with a claim that the human brain may record its memory in the same way as a hologram — namely, not at specific points or neurons related to particular bits of memory, but over the whole area as a complex frequency pattern. A 3D hologram does not use any lenses to focus an image — every point on the hologram records all of the image as seen from that particular point.

A conventional 3D hologram uses this phenomenon. Coherent light (light in which

In consequence, if a hologram is broken into fragments, any one piece will still reconstruct a whole image. Likewise, a neurosurgeon — Karl Lashley — claimed that his experiments in removing more and more parts of the brain in animals failed to diminish their memory.

Thus emerged the suggestion of a similarity between the brain and holography, made in particular by Karl Pribram — a neuroscientist at Stanford University. Pribram's researches have encouraged even stranger ideas.

Since a hologram does not rely on lenses, Pribram has suggested that the brain — functioning like a hologram — does not need eyes. "Maybe reality is not what we see with our eyes," which we see, perform a purely mathematical function in reproducing image points instead of a whole world "organised in the frequency domain."

Similar ideas have been put forward by David Bohm, professor of theoretical physics at Birkbeck College, London, who argues strongly for a holistic view of the universe. Bohm believes the true nature of things is not reducible to fragments or particles — that we should learn to regard matter and life as one whole and coherent domain.

This is also the essence of holistic medicine, which says that you must treat the whole

Some scientists argue that, in effect, the universe is just one big hologram

patient (and his environment) — not just the symptom. It may seem a long way from photography and Dennis Gabor, but apparently disparate things begin to connect, that in

The subject is going to crop up much in the future, and indeed has been covered in at least two television programmes in Britain in the last few weeks — one an interview with Fritjof Capra, physicist and author of the best selling book *The Tao of Physics*.

What they are all saying, effectively, is that the universe is just one big hologram and our own function like a hologram within the hologram. In this domain (called by David Bohm the implicate order), we have the real nature of the universe, and other perceptions — relying on lenses or human eyes — are only a fragmented impression of reality, like indeed a photograph.

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## THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

**BRIAN HUTCHINSON.** Manager of Brixton Enterprise Centre in south London, takes a quiet pride in the fact that last autumn's riots only left three of his office windows broken.

That was despite the tempting presence of a skipload of bricks in the street outside—but it was also a sad indication of the scale of the task faced by inner-city job creation initiatives such as the Brixton Enterprise and Lambeth Borough Council together spent almost £3m on buying and converting the former Bon Marché department store into 65 managed workshops, up to 60 small retailing outlets and 8,000 square feet of open plan office space before it opened at the end of 1984.

The centre is the most ambitious—but most problematical of the tobacco giant's philanthropic efforts to assist small businesses in areas where it has long been an important employer. BAT's other job-creation initiatives include the formation in 1981 of Southampton Enterprise Agency, which has to date advised 500 small start-up ventures, and the conversion of two transit sheds in Liverpool into 120 centrally managed workshops during the past three years.

These endeavours have made BAT prominent among the growing band of large companies like British Petroleum, ICI and British Steel demonstrating their social responsi-

### Job creation

## BAT reaches a watershed

William Dawkins on the fortunes of the Brixton Enterprise Centre

bilities either through direct action of this kind or through support for Britain's enterprises.

Now the three BAT schemes, especially Brixton, are going through an important watershed in their developments. When BAT set up a small business division in 1981, it planned initially to control its job creation projects from central headquarters in London's Victoria Street, gradually pushing them out to subsidiaries until eventually they could learn to run themselves.

This process began early last year with the retirement of Allyne Reynolds, full-time managing director of BAT Industries Small Business. Rather than replacing him, BAT farmed out immediate responsibility for the projects to local executives already doing full-time jobs at the helm of trading subsidiaries. Now the group, which firmly denies any suggestion that it is losing interest in small businesses, is watching with interest to see how well this "hands off" approach is working.

Southampton is virtually freestanding and Liverpool is on the way to breaking even, according to Tom Long, BAT's finance director and chairman of its small business operation. But Brixton, the most recently established project, is running well over budget, with a £500,000 loss expected this year. "We have been much more difficult than the others," he says.

The open plan offices, for instance, have remained almost empty since the day the building opened, the sole tenant being a publisher of Zen Buddhist literature. "We tried to research what the likely demand was—after all others are doing similar things in the area—but we underestimated," adds Long.

When the centre first opened, the entire ground floor was occupied by a kind of covered market; more than 60 stalls selling everything from fast food to goldfish. This turned out to be a flop. Within months, 36 traders had moved out, unable to compete with the open street market just over the road—and last year's riots did little to attract them back.

"At first, we didn't understand retailing," admits Hutchinson, 44, a former business consultant. Revealingly, the 24 traders to have held their ground are relatively up-market fashion or service businesses through the Bon Marché still boasts a tropical fish merchant.

"We hadn't appreciated that the general public still regard this as the ground floor of a department store. They don't go to find things there that they could get from bars on the other side of the road," says Hutchinson. The ground floor is to close for a month in the spring while BAT gives it a more upmarket appearance.

The performance of the ventures in the non-retail workshops upstairs, which represent about three-quarters of the building's occupants, has been rather brighter. Just over 80 of the workshops are occupied, of which only one—ironically a newspaper for jobless people—has gone out of business.

Half of the tenants come from ethnic minorities, 70 per cent

live in Brixton and a similar proportion are in business for the first time, says Hutchinson. They include an exotic array of activities from shoe-making through tailoring to an Afro-Caribbean radio station.

That the failure rate is so much lower than the national average of 30 per cent within three years is partly a mark of the protection afforded by the business services contained in the building. For as little as £180 per month, tenants get free business advice as well as facilities like central telephone answering, meeting rooms which would not look out of place in a City bank, mail collection and 24-hour security guards.

The centre will become more of a force in the small business community with the arrival of Business South, the new enterprise agency to be based in the Bon Marché. A joint venture between Business in the Community and London Enterprise Agency, it will act as a broker between the plethora of local authority-backed voluntary groups south of the river and those who might help them become more effective.

As for the future, Brixton will no doubt continue to test BAT's social intentions to the full. "Our purpose is not bottomless," says Long. "But as long as there is a clear indication that a project like Brixton is fulfilling a clear social need, we will continue to back it."

### Advantages of CNC

MORE evidence of the speed and flexibility with which small businesses can make use of new technologies comes from the latest study from the Technical Change Centre, a privately sponsored research group.

The centre's Dr Mark Dodson has just published a study into the way 40 engineering companies employing up to 200 people compare with the latest generation of computer numerical controlled (CNC) machine tools—and the results, he says, hold a few lessons for larger businesses.

Rather than provoking the industrial strife that one might expect from any big changes in working practices, the participants in general claimed a smooth transition to new technology, leading to greater work satisfaction among machine operators.

The sample spent on average £250,000 each on CNC during the four years to 1983, during which time they experienced a 20 per cent reduction in their combined workforce. However, they attributed only 2.3 per cent of the 889 jobs lost to the introduction of CNC.

Nearly half of the participants said that CNC allowed them to remain competitive in difficult markets and 13 said it improved production times, so job losses could well have been higher without new manufacturing technology.

In this case did shopfloor workers formally oppose the introduction of CNC. This, says the study, is partly because staff felt it important to keep pace with changing technology, but also because CNC operators retained their skilled status and the high wages that go with it. "Being allowed to do highly skilled operations on CNC gives operators more positive attitudes to their jobs and their employers," says Dodson.

Average sales of the businesses sampled rose from £1.5m to £2.6m during the period of the survey, with productivity per head climbing by 35 per cent in real terms to almost £30,000 over the same time.

Average profits, however, declined steadily—but as Dodson points out, the fact that they made a "surprise" at all during the last recession makes them stand out from an otherwise unimpressive crowd.

Advanced Manufacturing Technology in the Small Firm, £10 from the Technical Change Centre, 114 Cromwell Road, London SW7 4ES. ISBN 0 946302 23 7.

### In brief...

THE SMALL business competition season is here again with the arrival for the second year of the National Small Business Awards, funded by British Telecom.

More than £70,000 worth of prizes are on offer, with a first prize of £10,000. The competition, jointly organised with the Association of British Chambers of Commerce, is open to independent companies with up to 25 employees which have been trading for at least two years.

Entry forms are available from local chambers of commerce or from British Telecom district offices. Applications must be completed by June 16.

Meanwhile, the Mobil Design Award for Small Firms is offering £10,000 to an innovative designer with up to 60 employees and a maximum annual turnover of £6m. The winner will also get marketing advice and advertising exposure from Mobil.

Entries for the scheme, jointly organised with the Design Council, must be submitted by May 31. Entry forms can be obtained from the Awards Office, The Design Council, 28 Haymarket, London SW1Y 4SE. Telephone 01-532 2480.

It makes a useful comparative guide for anybody considering giving their franchising idea a go after the £125 cover price. Available from Jordans, Jordan House, Brunswick Place, London N1 6EE. Telephone 01-532 2480.

A CONFERENCE is to be held on March 11 for small businesses which will never—or do not want to—make it to the stock market.

Entitled "Exit routes—you don't have to float yet," the conference is claimed to be the first of its kind and will be held at the Portman Inter-continental Hotel in London's Portman Square. Speakers retained their skilled status and the high wages that go with it. "Being allowed to do highly skilled operations on CNC gives operators more positive attitudes to their jobs and their employers," says Dodson.

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created advertising for March and April, but it looks as if many small companies are still ignorant of the need to register.

One in ten of applications made by the registrar—mainly from large companies—has had to be returned because it is incorrect; maintains Raincock. Legal Protection is offering a registration service to help companies, partnerships and sole traders to unravel the complexities of the Act. Details from Raincock on 01-661 1421.

THERE are between 220 and 240 franchisees active in the UK with some 8,300 franchised outlets representing combined annual sales of £1.2bn, according to the latest guide to the subject.

UK Franchising, a Financial Survey published by Jordans, the company formation and data group, includes a financial analysis of the 54 leading organisations offering franchises. It includes operational details of the companies involved, such as the number of franchises, the rough levels of investment required and the royalties payable.

It makes a useful comparative guide for anybody considering giving their franchising idea a go after the £125 cover price. Available from Jordans, Jordan House, Brunswick Place, London N1 6EE. Telephone 01-532 2480.

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## A picture of ambition

None of the ventures to have taken root at the Bon Marché can be as colourful as the Guity Talberg illustration.

Founded last August by 22-year-old Guity Talberg, the agency acts for ten year-old illustrators and has already placed them with a number of impressive clients like Time Out, Penguin Books and Cosmopolitan, among others. Talberg plans to stage an exhibition in Paris and to open a representative office in New York later this year.

Talberg founded the business with £1,000 saved from an abortive career as a management trainee with Hilton International and later the Holiday Inn, Heathrow. Feeling that promotion prospects for women in hotels were limited, Talberg started to cultivate budding illustrators through family connections (her grandfather was a well-known illustrator) and friends.



Guity Talberg

The agency is already profitable and pulling in two to three jobs per day, on which Talberg takes a 30 per cent commission. One attraction of being based at the centre, she says, is that security staff are on duty at all hours, so that "illustrators can come and go as they wish."

## Acceptable Graffiti

**LYNETTE JOSEPH,** 21, and Dawn Morrison, 26, started their printing business, Graffiti, last year in a basement in Clerkenwell, provided by the training organisation Project Fullemploi.

Small and cheap—"you couldn't swing a cat in there," recalls Morrison— it was an ideal starting point, but the pair had no room to expand. So it was then that they moved in October to a £220 per month workshop in the Bon Marché building.

"We have definitely attracted more customers since moving here," says Morrison. That is partly because there is less competition from other small printers in south London, but also because the services on offer at the centre—like message taking and secretaries—have made it easier to do business. Started with a £1,500 award from the Princes Trust,



Lynette Joseph (left) and Dawn Morrison

you don't worry. This way we know how much we have got," says Joseph.

Customers for the business cards, officer stationery and invitations include a city merchant bank, several insurance companies and—not surprisingly—fellow students from Project Fullemploi.

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\* The company operates from 4 leasehold units totalling some 40,000 sq ft at Cwmbran, Gwent, South Wales.

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\* Cwmbran is an intermediate area. Grants and incentives may be forthcoming to prospective investors.

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## THE ARTS

British Museum/William Packer

## The right lines and a human touch

The British Museum has filled the long show cabinets of its Prints and Drawings Gallery—most say it's with the fruits of its collecting over the past five years. Sir Anthony Thawne, noted on this page yesterday, international goodwill will have allowed the museum to add a number of works to its collection; we can also see how our public money has been spent.

Of course, we may well take exception to some of the choices, as much perhaps to the acquisition of a perfunctory and a fugitive sketchbook remained from the 18th century to an even later date. But the fruits of scholarship are not always immediately aesthetic. We should bear in mind that a contemporary judgment is never final, and the feeling before this mass of material can only be justified astonishment that so much of such quality can have come our way in the normal course of five years work.

In scope, the collection on display embraces the art of Western Europe since late Gothic times and the invention of the print. The mere chance of survival over so long a period conveys a certain charm and interest, and, although not every drawing or print is necessarily very good, there are some

strikingly good ones. In red chalk, half-tinted wash by Pietro da Cortona (c. 1650)

stands out among several of its kind, and a light and rapid study by Rubens for the Three Graces, more suggestive than decorative, is as fresh and immediate now as it ever was. A more fully stated drawing in grey wash of a road through trees by Lodewijk de Vadder at about that time, seems strikingly modern.



'Retribution,' a pen and ink drawing of 1854 by Millais

sideration here, but are strongly recommended. The kind of concentration required and cultivated by the drawings may readily be transferred to those graphic things, no matter that the objects of attention, and the apparent sensibility they reflect, should be so very different.

The Human Touch, in the special exhibition gallery at the front of the museum (until March 16; sponsorship from Marks & Spencer), is a small show of sculpture of the human figure arranged in the special interest of the blind or

physically handicapped visitor not available to everyone. Twenty works from a variety of cultures, archaic, ancient, oriental and ethnographical, fair, small in scale and all of them carvings in stone or wood, have been set out that they may be felt, as much as seen. It is not a new idea but it is a good one, for the physical experience of sculpture has always been as much tactile as visual, and yet the privilege of touch is denied to all but the curator, the private collector and the artist himself. None of these works is of

primary importance, though each is remarkable and beautiful, and none is at risk. The British Museum surely has items enough to make some available to us in this way all the time, without recourse to the special excuse of an event for the handicapped. It is to the handicapped to offer them only such an occasional treat and to emphasise by inference their abnormality by allowing the rest of us to join in on suffrage. Reasonable care must be taken of all the work, of course, but really every

exhibition of sculpture or fine

craft, or general collection,

should have certain items to touch and handle as a matter of course.

In the meantime do go along,

wipe your hands and run them gently over the jade and gypsum, basalt and granite, the low relief of the Assyrian spirit's wings, the full, simple form of the Egyptian official with his scroll on his lap, and the smooth, tiny marble bottom of the Syrian figurine, with the museum's reference number inscribed so sensitively in the small of her back.

## Verdi's Macbeth/Genoa, Italy

William Weaver

In a plaza, Dr. Faust, the heart of commercial Genoa, the ruin of the noble Teatro Carlo Felice stands in more accusation. Inaugurated in 1828 with a work by Bellini, the theatre had an illustrious history until it was bombed in 1943.

After the war, the city rebuilt its business houses, but its opera had to operate in makeshift accommodation in the Teatro Margherita, a former cinema still lacking charm and proper operatic equipment.

Recent rumours have been largely unfounded, but the appointment of a new artistic director—Lamberto Alberti, formerly of the Florence Comunale—has sparked some hope for the future.

There is also hope that the Carlo Felice will finally be restored or rebuilt. The current season, Alberti's first, has got off to a promising start.

The opening production was Verdi's Macbeth, not, at first sight, an adventurous choice. But wait. Genoa did not present Verdi's opera in the familiar 1865 revision; it presented the original 1847 version, the critical edition of which was prepared by the American scholar David Lawrence a few years ago for an international Verdi conference in Padua. Kenneth Tilly, Macbeth's has probably not been heard in Italy for over a decade, and the Genoa production clearly demonstrated—it is well worth reviving.

As in the case of Lovebirds, Jerusalem and Stiffelio-Aroldo (discussed by Max Lippert in these pages a few weeks ago after a Venetian double-staging of

not conduct badly, but he had poor materials to work with. We know from countless letters and documents how much the staging of Macbeth means to Verdi. Needless to say, all the composer's visual demands were disregarded. The sculptor Pietro Cascella created some white kanga, some elements of scenery (Cordelia's room, Steinberg's costumes were all right, but could have come from a warehouse).

The production, Lorenzo Manzoni, had a number of ideas, mostly awful. The worst was to employ mime artists, sheathed in shiny white body-stockings, who crawled here and there to no discernible purpose. When a mime was actually needed, to play Duncan, there was none; the audience had to imagine that the king was passing by somewhere in the stalls.

Before the sleepingwalking scene, a rope uncoiled from the ceiling; at the end of the scene Lady Macbeth twisted it around her neck and descended into a trap. The rope jerked. Thus, with this cheap trick, the effect of the announcement of Lady's death was spoiled. One good detail: when the Birnam wood is well advanced, cut-out black trees emerged from the wall, in stark and menacing array. But this was only a moment.

The young tenor Jesus Pinto (heard in Aroldo in Venice) was a loud Macbeth; the reliable Paolo Washington, a steady, affecting Banco. Adriano Boni, Lady Macbeth's "Jama," showed promise, her voice clean and true in the ensembles. The Genoese orchestra and chorus did well. Guenter Neubold did

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## Saarbrücken Film Festival

Ronald Holloway

Each year in mid-January Saarbrücken, a West German town on the French and Luxembourg border, becomes a mecca for "new name" and "new generation" film directors. Now in its seventh year, the festival, and its highlight the Max Ophüls Prize, attracts film-makers and guests from East and West Germany, Australia, Canada-Switzerland and Luxemburg as well as from dialect corners of Italy (Tyrol) and France (Alsace-Lorraine).

The Human Touch, in the special exhibition gallery at the front of the museum (until March 16; sponsorship from Marks & Spencer), is a small show of sculpture of the human figure arranged in the special interest of the blind or

physically handicapped visitor not available to everyone. Twenty works from a variety of cultures, archaic, ancient, oriental and ethnographical, fair, small in scale and all of them carvings in stone or wood, have been set out that they may be felt, as much as seen. It is not a new idea but it is a good one, for the physical experience of sculpture has always been as much tactile as visual, and yet the privilege of touch is denied to all but the curator, the private collector and the artist himself. None of these works is of

primary importance, though each is remarkable and beautiful, and none is at risk. The British Museum surely has items enough to make some available to us in this way all the time, without recourse to the special excuse of an event for the handicapped. It is to the handicapped to offer them only such an occasional treat and to emphasise by inference their abnormality by allowing the rest of us to join in on suffrage. Reasonable care must be taken of all the work, of course, but really every

exhibition of sculpture or fine

craft, or general collection,

should have certain items to touch and handle as a matter of course.

In the meantime do go along,

wipe your hands and run them gently over the jade and gypsum, basalt and granite, the low relief of the Assyrian spirit's wings, the full, simple form of the Egyptian official with his scroll on his lap, and the smooth, tiny marble bottom of the Syrian figurine, with the museum's reference number inscribed so sensitively in the small of her back.

## Arts news in brief...

The board of directors of the Edinburgh Festival Fringe Society has appointed Mhairi Mackenzie-Robinson as its new administrator. She has been an associate administrator since December 1982.

The Road Movie is popular everywhere in German-language cinema. Lutz Konermann's Black and Without Sugar (West Germany) begins in Iceland and follows a street-theatre troupe through Italy to Sicily. Peter Kahan's Ete and Alt (East Germany), an entry at San Sebastian last summer, has two comic figures romping around provincial towns because there is nothing at home to go back to. Felix Tissi's Noch und der Cowboy (Switzerland) features characters who bumble along from German to French Switzerland and back. The peripatetic Ophüls would have enjoyed all three films.

The real discoveries at Saarbrücken, however, were the Berlin films—dozen of varied styles and genres were scattered throughout the programme. Particularly innovative were three non-competitors: by East German director Hermann Zache, opened the festival. Called Half a Lifetime, it was a film-portrait of the poet Hölderlin.

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## FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY  
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Tuesday February 18 1986

## US power and Mr Marcos

THE US is facing one of the most difficult questions in its diplomatic history. So, in a way, are its supporters and friends and allies because they have an interest in seeing the Americans get the answer right.

The question is the future of Mr Marcos's regime in the Philippines. On all known evidence the elections earlier this month were corrupt, yet Mr Marcos seems bent on staying in power. Should the US stay to prevent him and, if so, how?

Although the particular place is the Philippines, it could be one of many and the question can be put in general terms: what should democracies do about states that cease to be democratic, whose leadership remains or democratic, but you think that it will go on being protected or can stagger on for a few more years? There is no international rule of law to resort to. The US either has to accept the mess, and some of the responsibility for it, or it can seek to engineer peaceful change.

The questions are exceedingly hard to answer and the US's friends should be sympathetic as the US Administration ponders them.

Not all US interventions overseas have been happy. The war in Vietnam led to trouble at home without victory or democracy in Indochina. President Carter's subdued approach to the US hostages in Iran, and the subsequent abortive rescue attempt, did little good in terms of domestic politics, nor did it do anything for US influence abroad. Even President Reagan was obliged to withdraw from the Lebanon.

### Benign intervention

Yet there is another side to it. The US maintained a close bilateral relationship with Spain during the Franco period and must have had some influence on the way the country returned to democracy. It kept a close watch on Portugal when the country was passing from an authoritarian regime through revolution to the democracy that exists today and which has been reinforced by the victory of Mr Mario Soares in the Portuguese presidential election at the weekend. It also exercised a discreet influence on Italy when

Mr Philip Habib, the old troubadour, was in Manila on what may be more than a fact-finding mission. What happens in the Philippines has become part of US policy.

One way to proceed would be to threaten to cut off aid: the \$200m or so that the US pays for its bases. Given the advance of military technology that has already probably dispensed with time. Another would be to talk to all the parties concerned: the business community and the armed forces as well as the politicians. Above all, it means having a shot at persuading Mr Marcos to stand down. That will not be easy, but all the US's friends, Asian and European, must support the effort and President Reagan must keep it up.

## Risk and reward in the City

POP STARS and tennis champions may earn huge sums without embarrassment but it seems that the City of London's pay race—with telephone number salaries being paid to 25-year-old bond traders—is upsetting the Thatcher Government. The publicity given to such largesse is unwelcome when unemployment is biting deeper and deeper in the rest of the country.

Before the Government becomes too angry at the City, however, it should remember that its own actions have contributed to the phenomenon. It has been a clear policy over the years to encourage the development of London as a major international financial centre as a way of creating wealth and jobs. It would be illogical to change course because the policy is proving successful.

It should be remembered, too, that an international industry has to have international pay rates. London's financial pay packet are influenced, in particular, by those in New York (only the disparity with other incomes is greater in the UK). Indeed, it could be argued that the problem, if one exists, is as much that other incomes are so low by the standards of other advanced trading nations as that City pay is too high.

A more specific action of the Government has been to set up a new type of government bond market with as many as 29 prospective market makers, where before there were two large firms and a handful of smaller ones. One especially vigorous pay spiral at present involves precisely the bond traders who are recruited to an 28 trading firms. So the Government, at any rate its agent, the Bank of England, cannot stand scornfully aloof from this phenomenon, which is at least partly of its own making.

### Direct benefit

Suggestions that a special tax attack should be launched against the City pay packets are misconceived. For one thing, the regeneration bubble is likely to burst of its own accord in due course. But more importantly it has to be realised that the Exchequer is already guaranteed a healthy share of the bonanza.

Not only are the bumper pay packages liable to tax at a marginal rate of 60 per cent,

but since last October high incomes have been subject for the first time to a 10.45 per cent employers' national insurance, foreigners who are at present taxed on only 50 per cent of their UK earnings are to have this concession phased out. An associated jump in the pre-tax pay of many London resident Americans—who are often immunised from local income tax by their employers—may actually have exaggerated the apparent pay spiral, but is of direct benefit to the Exchequer.

It is true that personal or corporate pension schemes allow possibly too generous tax shelter to be provided to earners of very high incomes. But the Chancellor had a chance of addressing the pensions issue last year and failed to do so.

### Underlying worries

His real City tax problem this year is rather different, concerning as it does need to remove stamp duty on purchases of securities. Without such an encouragement to turnover, and the corresponding removal of the existing incentive for business to move to New York and elsewhere, the point of restructuring the Stock Exchange on a more competitive basis will be largely missed. A compensatory swipe at the City would be politically understandable—but might be self-defeating.

There are, of course, underlying worries that the City of London's pay spiral is draining talent from the rest of the country (see from the Committee on it is a bit late in the day to be thinking of turning the City back into a domestic financial centre).

A much better way is to encourage market forces to work quickly and mercilessly. The real blame for the City pay spiral lies with the financial institutions which are shortsighted and imprudently bidding up for practitioners so that they end up in crowded markets. The Government should make it plain that banks and other financial institutions which get into trouble through overpaying their staff will be treated with exactly as much sympathy as an uncompetitive West European metal industry. The special pleading of the Bank of England notwithstanding.

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when Mr Mikhail Gorbachev recently visited the Soviet Union's main province of west Siberia—in which he plans to spend \$20bn (£12.5bn) over the next five years—he said he was "astonished to see how much had been done any old how, on the principle of 'we'll muddle through somehow'."

"But we're not muddling through, comrades," Mr Gorbachev told the men who run the oilfields, and he warned that the Soviet Union could not afford to set big investments "become frozen into the soil of Siberia." He made clear he was not only criticising the oil industry; the Kremlin needs a better return on the money swallowed by the development of Siberia as a whole.

The future of this vast region—Yakutsk is as far to the east of Moscow as Jamaica is to the West—poses a dilemma for Mr Gorbachev. He must decide how long the Soviet Union will continue to pour funds into developing Siberia's raw materials, funds badly needed east of the Ural Mountains to re-equip plant with high technology in the old industrial areas.

The question is all the more pressing because of the fall in world commodity prices over the last year. Soviet foreign trade contracts are based on selling oil and raw materials, mostly from Siberia, and buying manufactured goods and food. In 1984, 60 per cent of the Soviet Union's \$26bn (£18.5bn) exports to the West came from oil, but the fall in prices from oil and other raw materials could cut this by up to 40 per cent unless oil sales are increased.

**Political technology**

Today's prospects contrast sharply with expectations during the last 10 years of President Leonid Brezhnev. Then successful exploitation of the Siberian wilderness appeared a short-cut method of boosting the economy as the annual growth rate lagged during the 1970s. The opportunities in Siberia seemed endless: the area east of the Urals to the Pacific Ocean contains at least 10 per cent of the world's oil reserves, 20 per cent of its gas, 40 per cent of proven and probable coal reserves and 15 per cent of its timber.

Impressive results were achieved. Geologists and prospectors moved away from the developed areas along the old trans-Siberian railway, where most of the 28m population of Siberia lives, into areas where the ground is permanently frozen and exposed skin freezes in 30 seconds. In the 1970s the Soviet Union developed the world's largest oil and gas field in the swamplands of west Siberia. The 3,100 km Baikal-Amur Mainline (BAM) railway was cut through mountains to open up eastern Siberia.

In west Siberia today we recover 60 per cent of our oil, he wanted to hold steady the

### Politburo wants new capital schemes cancelled or shelved

The Duke of Edinburgh visits a game reserve.

Hurrell, who started his career in the old Ministry of Defence, seems to have had little difficulty switching from the ODA, where he was under-secretary in charge of British aid to the Asian, Caribbean and Pacific regions, including 12m a year for Nepal, to the pomp and ceremony of King Bhumibol's court.

Yesterday—"hoist by my own petard"—Hurrell stood in a British ambassador's 18th century-style, gold-braided black uniform complete with white feathered hat at Kathmandu airport to greet the Queen at the start of her five-day visit to Nepal.

Hurrell is the first civil servant from the Overseas Development Administration—and possibly, he thinks, from the Home Civil Service—to be made an ambassador.

"I never thought three years ago, I'd be doing this," he added, flicking a finger over his resplendent uniform. "It's the sort of thing you wish your mother could see you in."

### Black power

Shelia Black is a woman who understands power. She once used the heat of her bathroom to grow small oranges, and then put the exercise to profit by making marmalade from them.

After chairing the national gas consumers' council for five years, Black has been made first chairman of the new consumer body that will look after British Gas after it is privatised.

Her career has run from being one of the first women to appear on television from the Alexander Palace to an management role in electrical engineering, a spell in public relations, and membership of several government committees.

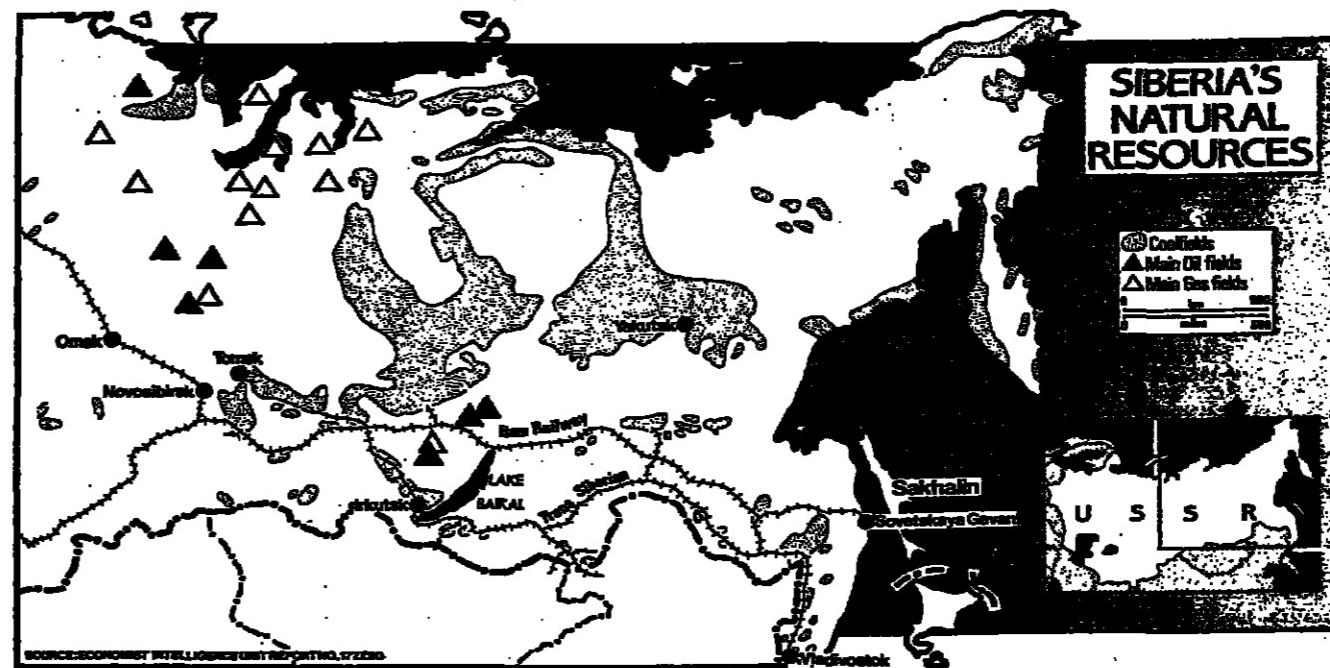
Her early interest in what she has called "the real world" was fostered by her accountant father, and her FT instead of football, her hobby.

At 65, she still lists football among her recreations, which

## SOVIET INVESTMENT IN SIBERIA

# An end to the cavalry charge

By Patrick Cockburn



Mikhail Gorbachev: money spent in Siberia is needed east of the Urals

one has begun the construction of a single new mine in the basin in the past 25 years," according to the Communist Party daily, Pravda. The newspaper blames the ministry for the coal industry of increasing output mindlessly and neglecting development.

As exploration drilling is stepped up in west Siberia, production can probably be stabilised not far below the 595m tonnes of crude produced in 1980. Mr Gorbachev's energy policy was that west Siberian oil could supply more as the old European oilfields declined. Five years ago there was even talk of raising west Siberian production to 500m tonnes by 1985. "A realistic outlook on the requirements of tomorrow were eclipsed by the dictates of today: pump, pump, pump," recalls one observer. In fact production peaked at 385m tonnes.

What Mr Gorbachev wants to do is only now becoming clear. Big new projects, essential or already under way, are to be completed but new schemes will be cancelled or shelved. Casualties among the latter so far include:

• Out of four big \$1bn-plus petrochemical plants put out to international tender for construction during this five-year plan, one on Lake Baikal has been cancelled and another shelved.

• In the Far East, Japanese companies have told Soviet officials that they are not interested in buying gas from Sakhalin Island. This means the scheme to develop gas for export and build a liquid natural gas plant in the Far East is also shelved.

Joint ventures with Western companies to develop Siberian raw materials or credits secured against long-term contracts to supply commodities such as coal or ore no longer look as attractive as in the 1970s. Meanwhile, every fall of \$1 in the price of oil costs the Soviet Union \$550m over a year.

It is not surprising in these circumstances that Mr Gorbachev wants to refocus in Siberia. But this is easier said than done. Last summer he wanted to hold steady the

proportion of investment absorbed by energy but in the face of the mounting problems besetting west Siberian oilfields, investment in oil rose 31 per cent in this year's budget.

The problem is that the west Siberian fields were exploited too fast in the late 1970s and early 1980s. Mr Gorbachev's energy policy was that the assumption that west Siberian oil could supply more as the old European oilfields declined. Five years ago there was even talk of raising west Siberian production to 500m tonnes by 1985. "A realistic

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Investment in reducing the amount of fuel and raw materials used is twice or three times as effective as investment in increasing their output, according to Mr Gorbachev.

To achieve this, exploration drilling was neglected despite the warnings of west Siberian officials. Social and engineering infrastructure were neglected and underfunded in the rush to produce. Mr Gorbachev says that the Kremlin and its planners were misled by their experts.

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outlook on the requirements of tomorrow were eclipsed by the dictates of today: pump, pump, pump," recalls one observer. In fact production peaked at 385m tonnes.

Investment in reducing the amount of fuel and raw materials used is twice or three times as effective as investment in increasing their output, according to Mr Gorbachev.

To achieve this, exploration drilling was neglected despite the warnings of west Siberian officials. Social and engineering infrastructure were neglected and underfunded in the rush to produce. Mr Gorbachev says that the Kremlin and its planners were misled by their experts.

• Out of four big \$1bn-plus petrochemical plants put out to international tender for construction during this five-year plan, one on Lake Baikal has been cancelled and another shelved.

• In the Far East, Japanese companies have told Soviet officials that they are not interested in buying gas from Sakhalin Island. This means the scheme to develop gas for export and build a liquid natural gas plant in the Far East is also shelved.

Joint ventures with Western companies to develop Siberian raw materials or credits secured against long-term contracts to supply commodities such as coal or ore no longer look as attractive as in the 1970s. Meanwhile, every fall of \$1 in the price of oil costs the Soviet Union \$550m over a year.

It is not surprising in these circumstances that Mr Gorbachev wants to refocus in Siberia. But this is easier said than done. Last summer he wanted to hold steady the

one which would not. The so-called "cavalry charge" method of Soviet economic management—hurling resources at a problem until it cracks—proved wholly inadequate as costs spiralled in the swamps and mountains of the Siberian interior.

The lack of central control over costs was exacerbated because Soviet ministers often behaved like feudal barons. Money was a centrally controlled resource, a centrally planned economy. Wages in Yakutsk, where temperatures this winter often dropped to below -50°C or three times colder than the interior of an average domestic heater, pay is two and a half times that in the rest of the Soviet Union. Wages of between 800 and 900 roubles a month are not uncommon, and there are well-stocked shops in which to spend the money.

But the drive to develop Siberia has always been more than an attempt to wrest raw materials from a barren wasteland. The population of 28m is already 3m more than Canada's and a central aim of current planning is to settle areas previously inhabited only by fur trappers, prisoners and exiles.

Wages are high. In Yakutsk, where temperatures this winter often dropped to below -50°C or three times colder than the interior of an average domestic heater, pay is two and a half times that in the rest of the Soviet Union. Wages of between 800 and 900 roubles a month are not uncommon, and there are well-stocked shops in which to spend the money.

But for all that, the development of Siberia's wasteland in an appalling climate over the past 15 years is an engineering achievement which matches the construction of the Panama Canal in scale and difficulty. The problem is that under Mr Brezhnev, Siberian raw materials and the foreign trade they underpin, became a subversive factor for economic reform in the Soviet industrial heartland. The result was that Siberia's resources were exploited too quickly.

Investment in the region became a costly game of double or quits and Mr Gorbachev wants to end it. Over the last year the new leader's attitude towards change in the management of the Soviet economy has become clearer: greater central control of investment and strategic planning combined with more managerial autonomy at local level. The way Mr Gorbachev copes with the problems and opportunities of Siberia will provide the first chance to see how far these attitudes translate into policies.

## SIBERIA'S PLACE IN THE ECONOMY

### PERCENTAGE SHARE OF SIBERIA AND SOVIET FAR EAST IN THE SOVIET ECONOMY

	1965	1970	1975	1980
Gross social product	8.1	8.5	9.1	9.5
Gross national income	7.5	9.1	10.0	10.5
Gross industrial output	8.1	8		

## UK PROPERTY MARKET

## At last some excitement

By Michael Cassell, Property Correspondent

AFTER FIVE years' sleep, the UK property investment market has taken as many days to wake up.

Last week began with a well-orchestrated leak suggesting that Trafalgar House was casting an acquisitive eye at MPEC, the country's second largest property company. After a prolonged withdrawal from the property market, Trafalgar is again stepping up its development programme and is apparently considering spending the best part of £1m to back up its ambitions.

Thursday, it was the turn of Rodamco, the Netherlands-based property investment trust, to launch a surprise £240m bid for Easemart, the 12th largest UK property company. Mr Cornelis van Rijn, Rodamco's managing director, said that, after several years of stagnation, the UK property market was again on the move.

Only a few days before, estate agents had gathered in Paris at a champagne reception, invited there by a high-flying British property development partnership to help celebrate the handing over of a refurbished office building to its new owners, a British pension fund.

For some of them, the sense of *déjà vu* must have seemed as overpowering as the cigar smoke. Small talk turned inevitably to the early 1970s when British developers invaded the continent to try to repeat a formula which, overnight, had made them immensely wealthy at home.

Recent events have reintroduced a rare and heady atmosphere to a property market which has been short on excitement for most of the 1980s. To many, the Cinderella sector looks ready for a change of clothes.

Once space in the City of London is again being snapped up, with rents already among the most expensive in the world, climbing towards £40 a sq ft and dragging those in the West End behind them. In their wake, a fresh surge of development activity is taking place, with major projects let to occupiers before they leave the drawing board.

Tenant demand is returning to cities which have for years been blighted by continuing oversupply of office space. At the same time, proposals for generously landscaped business parks, modelled on their US

counterparts, are springing up from Bristol in the west to Cambridge in the east.

Though there are now clear indications that investment in shops, buoyed up by the continuing consumer boom, has become overheated, developers and investors are pouring money into a new generation of off-centre and out-of-town shopping projects.

Even in the industrial market, overshadowed by a mountain of unsold, often unusable, accommodation, the national stockpile has fallen to 126m sq ft, the lowest level for nearly five years. Demand for standard industrial "sheds" for so long standing empty as a monument to the recession and the property sector's malaise, is steadily improving.

Mr Neesh Gudka, a property analyst with Scrimgeour Vickers, the stockbrokers, believes sentiment is turning.

The "feel" of the property market is more positive than at any time since the late 1970s. But while rental growth values in the main are not yet moving and the likelihood of another property boom is still rather remote.

The renewed, if carefully measured, optimism for property is shared by Mr David Malcolm, chief investment manager for Royal Insurance.

"Overall, we are expecting a better performance from property this year. The tide is definitely turning but we are not expecting a torrent. There is still an oversupply in many markets and even where demand is strong, supply is tending to grow to meet it."

The revival is patchy and largely confined to the southern half of the country. While Birmingham appears to be emerging from years of rental stagnation, talk of brighter times in Liverpool, Newcastle and Cardiff can still evoke wry laughter among property people. There seems little chance that the upturn will lead to the sort of calamity which overtook the industry more than a decade ago, when much finance and too little demand brought a debt-financed development industry to its knees.

In the years after the boom-bust of the early 1970s, the pension funds and insurance companies picked up property assets at bargain basement prices and assumed the role of



landlords. Many of the purchases performed exceptionally well and, by the late 1970s, overall returns from direct property investment surpassed gilts and equities.

By the start of the 1980s, property accounted for 25 per cent or more of many institutional investment portfolios. To boost returns further, an increasing number of funds themselves became property developers.

But just as their commitment to the sector reached new heights, the property market came off the boil and tenant demand dropped away, undermining all the assumptions about continuing growth in rents and capital values. As inflation fell, property was pushed away from the investment sidelines, where it has remained. The old stamping ground for entrepreneurs had first time.

1985 to show a 4.5 per cent overall gain and falling 10 per cent against the rest of the market, to its lowest level since 1977.

Behind the poor performance lies evidence of sluggish growth in property values. The growth in net assets of property holding companies, one of the key indicators used to judge the state of health, has been flat for two years.

Average returns from property investments, for years held down by the high prices which the institutions have been forced to pay for these relatively bearish medium-term predictions for the equity and gilt markets."

The reawakening seems to stem not so much from any expectation of abnormally high growth rates but rather the relatively bearish medium-term predictions for the equity and gilt markets."

Average yields from property investments, for years held down by the high prices which the institutions have been forced to pay for these relatively bearish medium-term predictions for the equity and gilt markets."

The differential between average yields on property and long gilt yields is now at its narrowest since 1972, with rents now only having to grow by around 3.5 per cent a year to match the return on gilts.

Institutional and corporate property owners, now experiencing a genuine improvement in tenant demand, see few problems for property in achieving such a performance.

Mr Hillier Parker, the estate agents, say that in the six months up until last November, average rents were growing at just over 8 per cent—the highest rate since early 1981.

Mr Peter Sim, property investment director of Legal & General, believes the re-emergence of property developers into the centre of the marketplace is the best indication that the outlook is improving: "It may mean more competition for us but it

is a welcome indicator that the market is picking up."

The hottest competition, however, is going to centre on opportunities for creating new projects. After dominating the market for major development opportunities, many of the funds, chastened by the weak performance of their property portfolios, have been back-tracked.

The property development companies supported by an imaginative range of funding packages and usually managing to keep their own financial exposure to a minimum, have been moving back in.

Relatively new names like Stockley, London & Edinburgh Trust and Rosemarch have emerged in the vanguard of an expanding army of "merchant developers" which has been able to prosper despite the problems of the property market.

Luckily the US administration is not yet committed.

Stockley, London & Edinburgh Trust and Rosemarch have emerged in the vanguard of an expanding army of "merchant developers" which has been able to prosper despite the problems of the property market.

What the ministers have not agreed on, even in their private discussions, is where they want to get to—in other words what would be the ideal pattern of exchange rates. At the same time, because the aim of concerted intervention has always been seen in pragmatic terms to stifle a resurgence of protectionism in Washington—governments have not had to focus on the theoretical framework.

And here lies the danger of an International Monetary Conference. The same ministers who concur that further shifts in exchange rates are essential to restore equilibrium in the world economy find it much harder to agree in abstract terms just what each of their currencies is worth.

Countries like West Germany, which jealously guard their independence of action in monetary policy, would also be obliged publicly to renounce the primacy of domestic international obligations. Formalising what governments are prepared to do on an *ad hoc* basis would probably prove impossible.

In many cases the transition to managed exchange rates has already begun.

After nearly a decade of benign, and often bemused, neglect, central banks of the world's leading industrialised countries have been active players in the foreign exchange markets since the beginning of last year. The Plaza agreement to bring down the dollar announced by the Group of Five last September formalised the volte-face.

The lesson of that agreement was that in informal gatherings governments were prepared to commit themselves to policies that they had rejected in a more structured setting.

It is worth remembering that the central banks of the US, Japan, West Germany, Britain and France agreed on massive intervention only months after the Plaza agreement.

If the long-awaited revival has really arrived, property certainly looks capable of generating some of its old excitement. Champagne days in Paris might remain the exception, but the prospect of more bread and butter work for everyone would be welcome enough.

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## Lombard

## Pragmatism on exchange rates

By Philip Stephens

Serious advocates of a return to a system of managed exchange rates should view Wednesday's apparent abstention for an International Monetary Conference with alarm. Instead of advancing progress among governments towards a reassessment of control over the multi-billion dollar foreign exchange markets such a conference might well have been the opposite effect of doing just the opposite.

Luckily the US administration is not yet committed. Stockley, London & Edinburgh Trust and Rosemarch have emerged in the vanguard of an expanding army of "merchant developers" which has been able to prosper despite the problems of the property market.

He should decide his answer now that it is too early to think in terms of fixing rigid target zones for the world's major currencies, but that if everyone keeps a low profile we could be there in two or three years time. France meanwhile should avoid any strident lobbying for its proposals to phase in target zones and concentrate instead on strengthening the present co-operation between central banks.

In many cases the transition to managed exchange rates has already begun. After nearly a decade of benign, and often bemused, neglect, central banks of the world's leading industrialised countries have been active players in the foreign exchange markets since the beginning of last year. The Plaza agreement to bring down the dollar announced by the Group of Five last September formalised the volte-face.

The best hope for a new "Bretton Woods" rests on a continuation of the pragmatic co-operation between governments and central banks seen over the last year. Countries like West Germany, which jealously guard their independence of action in monetary policy, would also be obliged publicly to renounce the primacy of domestic international obligations. Formalising what governments are prepared to do on an *ad hoc* basis would probably prove impossible.

When exchange rates have reached levels that begin to reverse the current disequilibrium and are perceived as being sustainable there is a good chance that governments will realise there is a mutual interest in seeking to maintain those levels.

That will be the time for France to refine its proposals for target zones and to put them to an International Monetary Conference.

## Competition policy

From Mr H. Shatto

Sir—Your Editorial on merger policy (Feb 12) raises an important issue which requires fuller examination than you gave it, namely the implications of the argument that the internationalisation of markets justifies disregarding the threat of excessive concentrations of market share on a purely national basis.

If it is true that the Government has accepted that such concentrations may indeed be desirable "to enable the UK to compete in world markets" we need to be told:—(a) whether this means that its belief in free competition is to be subordinated as a recognition of the need for an industrial policy—presently based on the "social champions" concept; (b) if so, what guarantees can be sought from companies who benefit from this waiver of the antitrust rules that it return the greater financial strength deriving from the increased UK market base to add to national exports, income and employment rather than to that of other countries through their overseas subsidiaries. This point is especially pertinent in view of the Government's apparent willingness to see foreign-owned multinationals such as Ford and General Motors acquire control of the bulk of capacity in the UK's automotive industry.

Unless the Government takes steps to clarify its position and reconcile these apparent inconsistencies we are not entitled to conclude that, despite all its free market pretensions, it is simply bowing to pressures to relax competition policy in the interests of accommodating a speculative stock market boom while the real economy continues to be dismantled?

Harry Shatto  
50 Hillside,  
Horsham, W. Sussex.

Helpful tax changes

From Mr T. Yeo

Sir—Samuel Brittan's attack (February 10) on the Tory web for displaying an allegedly characteristic failure to catch up with changes in the real world by campaigning for an increase in tax thresholds is misplaced. Of course the overwhelming priority is slower growth in unit labour costs. But since Government can improve work incentives by tax changes, it should do so by lightening the load on the lower paid such as the £140 per week nurse mentioned by the Chancellor in his speech to the Conservative Party conference last October.

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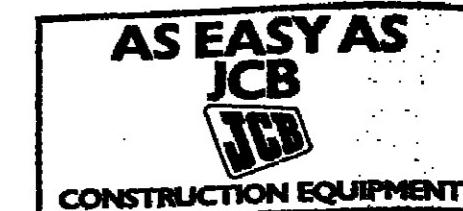
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# FINANCIAL TIMES

Tuesday February 18 1986



## MANAGING DIRECTOR STEPS DOWN AT SWEDISH BIOTECHNOLOGY GROUP

### Fermenta moves to restore confidence

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

FERMENTA, the fast growing Swedish biotechnology and chemicals group, moved last night to halt the sudden crisis of confidence in the company.

Mr Refaat El-Sayed, majority owner of the company, who dramatically admitted last week that he had lied to investors about his academic credentials, is to be replaced at Fermenta by Mr Gösta Bystedt, the board promised further appointments to strengthen top management.

At the same time, the company announced preliminary profits (after financial items) for 1985 of SKr 320m (\$43m), nearly four times the 1984 figure of SKr 82m. It forecast a further doubling of profits to SKr 700m in 1986 based on the present group including the recently acquired SDS Biotech, the US animal health and agrochemicals unit.

Doubts still remain over Fermenta's ambitious pact with Volvo, Sweden's biggest industrial group, according to which Volvo was to support Fermenta's SKr 3.23bn bid for Sonesson and was to sell Fermenta a controlling stake in Pharmacia, the country's second largest pharmaceuticals group. Fermenta said last night that the deal would be pursued "according to the agree-

ment in principle" reached between the two companies.

Volvo, which has been left in an exposed and delicate position by the sudden crisis at Fermenta, reacted more ambiguously last night. In a brief statement it said:

"Some of the essential pre-conditions for the agreement in principle between Volvo, Fermenta and Refaat El-Sayed, which was presented on January 9 have changed."

Volvo said its interest in a new structure for the Swedish biotechnology industry remained unchanged, however, and it was willing to continue discussions with Fermenta's management "in a positive spirit".

There is considerable prestige at the chief executive by Mr Ove Sundberg, already a member of the Fermenta board and for 12 years chief executive of Kemanoab, the Swedish chemicals group taken over by Bofors two years ago.

Mr Gösta Bystedt, the Fermenta chairman and managing director of Electrolux, denied that any discussions had been held with Volvo about a more far-reaching change of ownership in Fermenta. After the deal as presently envisaged, Mr El-Sayed would still own about 71 per cent of the votes in Fermenta and 34 per cent of the equity.

Mr El-Sayed, the Egyptian-born entrepreneur, took over Fermenta at the beginning of 1982. In the first

year of operations it had sales of SKr 85m and profits after financial items of SKr 4m. He said last night that he was giving up the post of chief executive "at his own request".

He will become full-time deputy chairman of the board dealing with long-term strategy.

His position as chief executive has suddenly become untenable when he admitted that he had lied to investors about his academic qualifications in microbiology. He had claimed a doctorate from the US and a master's degree from Sweden, but both claims proved to be false.

The trouble is that here Refaat is known as Swede of the year and has a lot of sympathy, but abroad he is just an entrepreneur that has given false information in a prospectus. Substantial changes were made in the company if any money is ever to be raised in the international capital markets, and Fermenta needs this access.

Handelsbanken insisted on changes if it was to stand behind Fermenta in writing the international prospectus needed for the bid for Sonesson, which is quoted on the London Stock Exchange.

The Stockholm Stock Exchange said yesterday that it was to launch an inquiry into the trading in Fermenta shares in the weeks leading up to last Friday, when the share

of investment banking at Svenska Handelsbanken, which handled the SKr 210m Fermenta private placement.

He said the memorandum had "the same weight, substance and requirements" of any prospectus. "It was certainly bad and we are sorry that a prospectus has been issued with wrong information of this kind."

He made clear that Handelsbanken, as Fermenta's investment banker, had insisted on management changes to try to restore confidence.

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price fluctuated wildly, finally dropping by SKr 41 to SKr 247 per share. Trading in Fermenta alone accounted for around 40 per cent of Stockholm stock market turnover on Friday and since the beginning of the year has accounted for around 15 per cent of total turnover.

Mr El-Sayed denied last night that he had been buying Fermenta shares to try to support the price. Trading in Fermenta shares was suspended yesterday at the company's request pending last night's statement but is expected to be resumed today.

In its preliminary 1985 results, Fermenta said that group turnover totalled SKr 1.65m against SKr 449m in 1984. Much of the increase was accounted for by the takeover of Pierrel, The Italian fine chemicals and pharmaceuticals company.

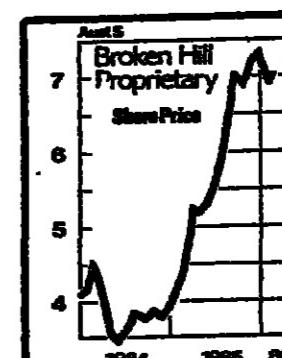
On top of profits of SKr 39m after financial items, the group had extraordinary income of SKr 246m from the disposal of parts of Pierrel.

Turnover in 1986 - excluding any account of the Sonesson and Pharmacia deals - is forecast at around SKr 3bn with profits after financial items of SKr 700m. Additional extraordinary income of SKr 400m is expected from the disposal of parts of the SDS Biotech group in the US.

Markets, Page 44

## THE LEX COLUMN

### Sir David and Lord Goliath



Imperial was yesterday reserving its options, although this seemed more a matter of protocol than anything else. The Imperial board is no more likely to recommend the Hanson offer than buy back Howard Johnson. That said, in this market anything is possible.

#### Bell/BHP

It would be an exaggeration to say that Bell Resources' offer document has done much to clear the air around BHP; the intentions of Mr Holmes à Court remain as obscure as ever, and so does the value of a post-bid shareholding in BHP. One basic uncertainty has, however, been removed. Since Bell has now recast its offer into the officially conditioned proportional form, it is a great deal more likely that the offer will be permitted to go ahead. That concession to the legislators at least makes Bell's offer a better short-term prop for the BHP share price.

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Investors in Imperial were admiringly not encouraged to take the long view by the multiplicity of offers on the table. Hanson and UB provided between them six separate escape routes from Imperial. Small wonder that shareholders opted for a seventh and sold in the market, not least to provide a cushion against the growing losses on their Hanson and UB investments.

Mr Holmes à Court may have a job persuading his own shareholders of the wisdom of this proposal, particularly as Golden Wonder no longer forms part of the package, but it is hard not to admire his bravado. UB has, at the very least, complicated matters for Lord Hanson and ensured - the OFT permitting - that the mooted industrial logic of Imperial Sirocco receives a fair hearing. Yesterday evening the UB terms were well ahead of the Hanson offer but there is no guarantee that they will retain the edge. Hanson's cash alternative is fully underwritten and, as the much bigger bidder, the paper component of its offer should be more secure. Hanson will no doubt direct its attention to the value of UB's equity and can be counted upon to cause some damage.

By the same token, Bell's chances of success may be quite a lot less than they would have been under the old partial style of first-come, first-served. By taking at most 50 per cent of any particular shareholding, Bell has accepted that it cannot win BHP merely by scoopng up loose offshore holdings - still some 15 per cent of BHP after the recent self-off. Driven back in this way upon the Australian investors, Bell may face a distinctly harder task to reach its target 33 per cent.

Looking at a prospect in which perhaps 7 per cent of their domestic portfolio would be effectively locked up under the control of Bell Resources, Australian institutions may find AS7.70 resistible.

Much still hangs on the next determination of the import parity price for the Bass Strait crude oil which the earnings of BHP and Bell depend. If the Government tries to preserve its tax revenue by artificially maintaining the IPP at something near the fictional Saudi Arabian market price, that would suit BHP pretty well if current realities are allowed to prevail, that could tip things Bell's way. Should Mr Holmes à Court be eased into the board room at BHP on a weak oil price, after all, he might then find himself in a bit of a jam; increasing the dividend to cover Bell's funding costs might seem in questionable taste with earnings in decline.

#### Fermenta

The decision by Mr Refaat El-Sayed to step down from chief executive to merely deputy chairman of Fermenta may have something to do with pressure from the heavyweights he has attracted to his board; or perhaps, it is simply that his new post requires only a school certificate rather than a fictional doctorate. It does not matter much. Since Mr El-Sayed controls around 75 per cent of the equity of the company he has built up, the difference in style may only be apparent on the corporate writing-paper.

Much more important will be the effect of the whole affair on Fermenta's share price when it comes back from suspension today, and on Volvo's attitude to the restructuring of the Swedish bio-chemical industry. The rating of Fermenta paper is crucial for further acquisitions, especially as growth will be harder to come by further down the pharmaceuticals chain from bulk antibiotics. Yesterday's figures may have done something to steady the market's nerves: net income for 1985 multiplied four-fold to SKr 320m while the forecast for 1986 - exclusive of the deal involving Volvo - is for a more modest doubling of sales and income. Fermenta's equity, with the share acquisitions apparently booked at market price stood at 44 per cent of gross assets.

As for Volvo, its statement yesterday was markedly less enthusiastic and it is not at all clear that the Fermenta stake in Pharmacia or the Volvo shareholding in Fermenta will go through as easily as when Mr El-Sayed was strolling in the Groves of Academe.

#### ADVERTISEMENT

### NEWS REVIEW

#### BUSINESS

#### Data conversion US link up

Ferranti Electronics, Manchester and Silico Systems of Tustin, California, have entered into a long-term joint marketing, development and manufacturing agreement targeted at the data conversion marketplace.

The key provisions of the agreement give Silico Systems marketing and manufacturing rights for Ferranti data conversion products in North America, and include line expansion through co-operative product definition and development.

The agreement amplifies the design, manufacturing and marketing capabilities of both companies. By joining forces, the partners will achieve significant penetration of the data conversion market.

#### Lost and found

After sinking in the Gulf of Mexico during Hurricane Juan in October last year, the supply vessel Miss Agnes has recently been located with Side Scan Sonar equipment supplied by Ferranti ORE, Farnborough, Hampshire. The Miss Agnes was first located in approximately 150 feet of water near 2 miles WSW of her last reported position on just the second day of the search.

In the argument over the future of Austin Rover a fortnight ago, Mr Chammon was again on the defensive in face of criticism both from Mr Smith and from his own side. A number of Conservatives representing England's West Midlands, heartland of the motor industry, urged him to separate Land Rover from the rest of the suggested deal and to consider a flotation like that of Jaguar.

Kenneth Gooding writes: BL confirmed last night that it had received a number of approaches since the Government announced on February 3 that talks for the sale of Land Rover and Leyland Trucks to GM had reached an advanced stage.

Throughout the affair, Mr Kohl has argued that there was nothing intrinsically wrong in a political party taking money from industry, and that only the procedure involved needed to be tidied up.

Asked about the possibility of changes against himself late last week on TV, he said the whole affair was a carefully orchestrated "muddling" ahead of the elections. He dismissed all talk of re-nationalisation as hypothetical.

News analysis, Page 12

wealth of MS-DOS based software, enabling users to run their existing software packages.

Solicitors, estate agents, financial institutions and technical translators all require the upper and lower case full-character set which teletex incorporates. The Ferranti Teletex PC is based on a proven IBM-compatible PC and married to the type-approved Ferranti Teletex Adaptor. It includes MS-DOS, BASIC and the Perfect II software suite including word processing, a spreadsheet and database facilities with an easy-to-use integrated teletext interface.

A IBM-compatible printer is also supplied.

#### NAVIGATION

### Finding the target

The Navigation Systems Department of Ferranti Defence Systems, Edinburgh, has introduced a land navigation system for soft-propelled guns, rocket launchers and armoured fighting vehicles. Designated FIN 1150, the system is based on a gyroscopic inertial sensor which in conjunction with velocity information from a doppler sensor or the vehicle's odometer will provide continuous navigation accuracy equivalent to 0.35% of the distance travelled.

In addition to accurate position co-ordinates, height information and steering directions, FIN 1150 can provide elevation and target tracking data for use in the vehicle's fire control system. Inertial system data such as present position, velocity (along and across track) and steering and attitude (pitch, roll and azimuth) is available through the system output interface in digital form.

Ferranti Computer Systems, Chelmsford Heath Division, is to supply replacement computer facilities worth £1.5m for the British Underwater Trials and Evaluation Centre. A £200,000 twin telex system, supplied by Ferranti Computer Systems, Chelmsford Heath Division, is to be installed at the Meteorological Office in Stockport.

The good news is  
**FERRANTI**  
Selling technology

## Canadian jeweller in bid for Zale

By Bernard Simon in Toronto

PEOPLES Jewellers of Toronto, Canada's second largest retail jeweller chain, has made an unsolicited bid for Zale, the world's biggest jewellery retailer, valuing the Texas-based group at US\$520m.

Zale's chief executive, Mr Donald Zale, whose family, with members of the Lipsky family, controls 30 per cent of Zale's stock, immediately rebuffed Peoples' offer, saying it was unlikely to be supported by family shareholders.

Zale, based in Dallas, has operations in Canada, the UK, West Germany, France, Switzerland and Japan, operating in Europe mainly under the Christ and Keller names.

Peoples, which already owns 15 per cent of Zale's 12.3m common shares, has offered US\$35 in cash for each remaining share plus a new senior preferred share with a face value of US\$5. Holders of Zale's 90,000 preferred shares will receive US\$28 a share in cash plus a US\$4 preferred share. Zale's common shares closed at US\$32 on the New York Stock Exchange last Friday. Peoples acquired its existing 15 per cent stake in Zale after a four-month battle in 1980 that ended in Zale's controlling family agreeing to allow the Canadian company to hold a maximum of 21 per cent.

Mr Irving Gerstein, Peoples' president, said yesterday that the two companies "share complementary strengths and have compatible strategic objectives." Peoples has retained the New York securities firm Drexel Burnham Lambert to help to finance its takeover bid through privately placed debt and equity.

Zale, with more than 1,500 retail outlets and annual sales of just over US\$1bn, is more than five times bigger than Peoples.

Besides having a 6 per cent share of the highly fragmented US jewellery market, Zale's financial performance has lacked sparkle in recent years, with earnings dropping to US\$31.1m in the nine months to end-December from US\$37.1m a year earlier.

Peoples, which is controlled by members of the Gerstein family, suffered a loss of US\$1.1m (US\$1.5m) in the three months to November 30, compared with a C\$4.9m loss a year earlier. The bulk of the losses were due to Peoples' share of losses suffered by Zale.

## Saudi Arabia signs £5bn deal to buy UK military aircraft

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT, IN LONDON

BRITAIN'S £5bn (\$7.65bn) deal for the sale of 132 military aircraft to Saudi Arabia was signed in Riyadh yesterday.

The deal, the biggest military export order ever won by the UK, will be paid for almost entirely in oil, under arrangements involving Shell, BP and Aramco, the Western

Oil Company.

Official maintain that the deal should have little or no effect on world oil prices since the crude oil for payment will be taken from Saudi Arabia's normal production quota and be absorbed into Shell & BP networks.

A memorandum covering the whole deal as well as two of 132 distinct contract packages was signed by Prince Sultan bin Abdul Aziz, the Saudi defence minister, and Mr Colin Chandler, head of Britain's Defence Export Services Organisation.

A communiqué issued by the Saudi Government referred for the first time to the sale as worth £5bn.

When the agreement was finalised last September, it was said to be worth between £3bn and £2bn, with oil described as an element of the payment arrangements.

Few details beyond the overall price were issued by London or Riyadh yesterday but it is understood

that the contracts signed covered 132 aircraft and basic support for 100 per cent of the value of the contracts will go to its sub-contractors, including Rolls-Royce, Ferranti, GEC Avionics, Doughty and Plessey.

While the Hawk is an entirely British aircraft, only some 5 to 10 per cent of the value of the deal is accounted for by the Tornado. The Tornado will help to extend their production lines at least until 1991, when the new European Fighter Aircraft will go into



## SECTION II - COMPANIES AND MARKETS

# FINANCIAL TIMES

Tuesday February 18 1986



## Italtel share issue hint as earnings rise 60%

BY ALAN FRIEDMAN IN MILAN

**ITALTEL**, Italy's state-owned telecommunications equipment company, lifted 1985 profits by 60 per cent to £40m (\$25m), according to its managing director, Mrs Maria Bellisario.

The preliminary profit figure, which represents only a modest recovery following heavy losses in 1981 and 1982, was struck on consolidated Italtel turnover of £1.23bn, virtually unchanged on 1984.

Mrs Bellisario said yesterday that positive results in 1983, 1984 and 1985 meant conditions now existed – under the rules of the country stock market authority – for a partial privatisation share issue for Italtel on the Milan bourse.

Her statement, however, came in the wake of recently-announced plans under which IRI-Sistet, the Italtel state parent company, will set up a joint company with the Fiat group to study the feasibility of a partial or total merger of Italtel and Telettra, the Fiat telecommunications subsidiary.

The joint company – which would be 48 per cent owned by Fiat, 48 per cent by Sistet and 4 per cent by Mediobanca, the merchant bank – has been told to explore plans for a rationalisation of the Italian telecommunications industry through a union between state (Italtel) and private (Telettra) companies.

Mrs Bellisario said a Fiat-Sistet accord, from an industrial point of view, would be a "valid outcome". But, she added: "Our profitability, our successful technology and the fact that we are in a position to go

to the stock market means that we and our shareholders have many options which need to be taken into consideration in the current merger talks."

Fiat said in Turin yesterday it had no comment on the possibility of an Italtel share issue. Sistet, meanwhile, has given no indication that it is likely to decide on a share issue for Italtel.

It is believed, however, that members of Italtel's ability to raise cash on the stock market may have been designed to put Fiat on notice that the partial or full merger of Italtel and Telettra would need significant financial compensation from Fiat's Telettra, which had a 1985 turnover of £475m, less than half that of Italtel.

When asked which was Italtel's greater priority – a stock market debut or a joint venture with the Fiat subsidiary – Mrs Bellisario said: "Between one solution and the other the plan which raises more cash for Italtel should be the priority."

Aside from discussion of Italtel's ability to go to the bourse – which in the context of Italian state industry is to put in a political issue – Mrs Bellisario also released other preliminary results for last year. Italtel group debt fell £60m last year to £510m, exports represented 5 per cent to 6 per cent of group turnover and Sip, the Italian state telephone company, bought about 75 per cent of Italtel's 1985 production.

The Italtel workforce at the end of 1985 totalled 18,840, a drop of 1,414 year-on-year. The 1985 is

so built up business in savings instruments and insurance.

Savings collected by its insurance subsidiary, Cardif, amounted to FFr 3.5bn last year.

Overall, Compagnie Bancaire profits, including interests held by affiliates, rose 20 per cent to FFr 1.06bn. In addition to these current earnings, the bank made FFr 126m profits from securities transactions, of which FFr 109m was due to the holding company.

It said the funds from the capital increase will be put towards new expansion opportunities including extension of its credit business abroad, as well as development of insurance and savings instruments.

## Bancaire plans 1-for-8 rights issue to raise FFr 782m

BY DAVID MARSH IN PARIS

**COMPAGNIE BANCAIRE**, the specialist French credit bank, yesterday announced a 23 per cent rise in net consolidated 1985 profits to FFr 589m (\$31m) and a one-for-eight rights issue to raise FFr 782m.

The bank, 45 per cent owned by the nationalised Paribas financial group, is to sell the new shares at FFr 1,000 each, well below the current stock market value of more than FFr 1,000.

The rights issue represents the first time Compagnie Bancaire has gone to the bourse for equity for 24 years. Paribas will be taking up its rights in full, reducing to FFr 420m the residual amount to be raised.

The issue is to be made between

February 24 and March 15, will raise the bank's nominal capital to FFr 1.17bn from FFr 1.04bn.

At present bourse levels, Compagnie Bancaire – which was not nationalised in 1983 because it did not have large enough deposits – had a capitalisation of more than FFr 1,000.

Commenting on last year's results, the bank said total credit volume rose 8 per cent to FFr 101bn at the end of the year. The bank acts as a holding company for a range of subsidiaries engaged in specialist areas such as lending to individuals and small and medium-sized companies, as well as arranging property loans and leasing deals. It has al-

## Deutsche unit likely to make big provisions

BY JONATHAN CARR IN FRANKFURT

**DEUTSCHE BANK** (Europen Asian Bank) (Eurasbank), which is 60 per cent owned by Deutsche Bank, will need to set aside substantial risk provision against possible business losses for the second consecutive year.

Deutsche Bank declined to comment on reports of further difficulties at Eurasbank, which is based in Hamburg, saying the figures for 1985 were still under scrutiny and would be made public in a few months.

However, it is understood that already the need for renewed risk provision is apparent, not least because of the bank's involvement in economically depressed Singapore.

For 1984, Eurasbank and its owners had to set aside a large sum – believed to have been around DM 400m (\$17m) – in cover possible losses, notably on business in Taiwan.

Apart from Deutsche Bank, Eurasbank's owners are Creditanstalt Bankverein of Austria (22 per cent), Societe Generale de Banque of Belgium and Amsterdam-Rotterdam Bank of the Netherlands (each 9 per cent).

## Jyske Bank plans to raise DKK 110m

BY HILARY BARRETT IN COPENHAGEN

JYSKE BANK, based in Jutland, plans a DKK 110m (\$12.7m) rights issue after increasing pre-tax profits from DKK 55m to DKK 1.66m in 1985. An unchanged 20 per cent dividend is proposed.

The latest figures include an unusual gain in the securities portfolio of DKK 26m. Operating profits increased by 12 per cent to DKK 41.5m, but the bank allocated DKK 80m for depreciation and bad loss provisions.

Mr Poul Norup, chief executive, said the unusually large provisions reflected a DKK 5m increase in loans and guarantees.

## Liechtenstein bank sees rosy future after debut

BY PAUL CHEESERIGHT IN BRUSSELS

**PETROFINA**, the international oil and chemicals group, yesterday became the second Belgian company in three months to announce a co-operation agreement with Sumitomo, the Japanese trading house.

On the Petrofina side, the move fits into the increasingly emphatic trend of expansion in petrochemicals sector.

The emphasis in the earlier agreement, involving Societe Generale de Belgique, the country's biggest industrial and financial hold-

## Petrofina in Tokyo link

BY PAUL CHEESERIGHT IN BRUSSELS

ing group, and Sumitomo, was on the non-ferrous metals sector.

Petrofina's collaboration with Sumitomo will start with the exchange of ideas between respective group experts and seems likely to concentrate on product processing and the development of new products.

On the Petrofina side, the move fits into the increasingly emphatic trend of expansion in petrochemicals sector.

Last week the group bought a 49.8 per cent stake in an Antwerp refinery jointly owned with Phillips Petroleum.

The emphasis in the earlier agreement, involving Societe Generale de Belgique, the country's biggest industrial and financial hold-

## Impala hit by strike

BY KENNETH MARSTON IN LONDON

SOUTH AFRICA'S Impala Platinum Holdings says the disruption to operations caused by the strike which began on January 1 has resulted in a loss of R40m (\$15.5m) in attributable earnings. Results for the full year to June are not expected to be significantly better than those of 1984-85.

Meanwhile, results for the first half of the current year show an advance in net profits to R101.5m, or 177 cents per share, from R50.2m

## Gloomy result for People Express

By William Hall in New York

**PEOPLE EXPRESS**, the rapidly growing, cut-price US airline which warned Wall Street last month that its losses would be higher than expected, lost \$3.2m in the final quarter of 1985.

Last year Italtel spent £134m on research and development, equal to 11 per cent of group revenues. The five-year plan for 1988-1990 calls for R&D spending of £11.000m. In 1985 spending on equipment was £600m. The five-year plan to 1990 will be

## RETURN TO EUROPEAN ROOTS AS US PLUG IS PULLED ON SYSTEM 12

## Why ITT is ringing the changes

BY PAUL TAYLOR IN NEW YORK

ITT'S decision to abandon efforts to adapt its flagship telecommunication product, the System 12 digital telephone exchange switch, to US standards, highlights the New York-based conglomerate's renewed dependence on Europe for its manufacturing base.

When Mr Rand V. Araskog, ITT's chairman and chief executive, announced the System 12 decision late last week – a move that led to establishing a pre-tax \$165m reserve to cover the costs of winding down the US System 12 operations – he emphasised that ITT would now be free to concentrate its telecommunications resources in Europe.

ITT, like many other European and Japanese rivals, has set its sights on becoming the "third supplier" of digital switching equipment to the newly-divested independent Bell telephone operating companies in the US.

The US System 12 is dominated by AT&T and Canada's Northern Telecom. But challengers reasoned that, in the wake of the Bell system break-up, they had an opportunity to grab a slice of a fast-moving marketplace estimated to be worth about \$8.5bn a year or about a third of the global total.

Armed with its technologically advanced System 12 switch, developed in Europe at a cost of about \$1bn, ITT appeared to have a head start on some of its rivals. To capitalise on this base ITT spent about \$150m during two years attempting to adapt the switch to US standards. But, for ITT at least, time is money.

Effectively, this created a key "window of opportunity" for new equipment suppliers. For ITT, which had planned to deliver its digital switch in late 1987 or 1988, the window was rapidly slamming shut.

"Suddenly we had a very different view as to what was going to be available to us to get margin," says Mr Araskog. The market realises that, while ITT was able to adapt the switch to US standards, it is not essential to do so.

"When you are crossing a river you get to the middle and decide whether or not it's going to be worth it, or whether to go back to where you came from, which in our case is Europe," says Mr Araskog.

Net interest costs for the year rose by \$22m to \$55m. This more than offset \$13.1m rise in operating profits in 1985 to \$33.3m.

Mr Burr said he was "extremely pleased" with the group's success in integrating Frontier into the People Express system and he anticipated substantial progress in 1986 in reducing Frontier's operating losses.

Commenting on last year's results, the bank said total credit volume rose 8 per cent to FFr 101bn at the end of the year. The bank acts as a holding company for a range of subsidiaries engaged in specialist areas such as lending to individuals and small and medium-sized companies, as well as arranging property loans and leasing deals. It has al-

most of System 12's research and development costs have been written off along the way. The \$100m pre-tax reserve set up to cover the costs of the final decision to pull the plug on the project will amount to about \$60m to \$70m after tax.

The reserve will cover, among other items, asset disposals, contract losses and cancellations, and severance payments for the 1,800 workers in four ITT plants across the US. About 100 of these employees are to be transferred to the four ITT plants across the US.

What happened to change this strategy? First, ITT, like other competitors, discovered that adapting European switches to the demands of the US marketplace was more difficult than had been expected. Not only were hardware and software changes required, but the process also required re-writing huge volumes of documentation.

Even more important, the now-independent Bell operating companies moved more quickly than ITT expected in the wake of the Bell system break-up to buy new digital network equipment. "We thought they would take as much advantage as possible of their current base and build upon it gradually," says Mr Araskog. Instead, he says, the local Bell telephone companies "moved out" rapidly with new equipment orders, particularly last year.

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## INTL. COMPANIES &amp; FINANCE

## Bloedel to cut stake in Dutch paper mill

BY LAURA RAUN IN AMSTERDAM

**MACMILLAN BLOEDEL**, the Canadian paper products company, is almost halving its 48 per cent stake in Royal Dutch Paper Mills to 25 per cent with the sale of 1.35m shares through a European equity offering.

The Dutch company said in a statement yesterday that MacMillan Bloedel was selling part of its shareholding to generate cash with which to pay off debt. The Canadian company has been a major shareholder since 1968.

The equity offering will be made through a bank syndicate led by Pierson, Heldring & Pierson and including Amsterdam-Rotterdam Bank and Algemene Bank Nederland. Royal Dutch Paper Mills also announced it would trim its 1985 dividend to Fl 1 per share from Fl 7 the previous year, in line with expectations. The Maatschappij-based company more than doubled its net profit to Fl 117.3m (\$44.3m) last year from Fl 63.4m in 1984.

These Notes having been sold, this announcement appears as a matter of record only.

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Schering plans to sell  
fine chemicals division

BY LESLIE COLITT IN BERLIN

**SCHERING**, the West German pharmaceuticals and chemicals group, wants to sell its loss-making fine chemicals division, created in 1982.

The Berlin-based company said it had completed a "strategic reassessment" and had decided to concentrate corporate effort on its four traditional divisions.

Schering had record turnover last year of DM 304m, the smallest in the group. The division consists of Diamalt in Munich and its subsidiary, SFC, in Paris, which had combined losses of about DM 100m in the past five years. The division also includes Nepera chemical company in Harriman, New York.

Diamalt was badly hit by compe-

tion from China for its amino acids while Nepera suffered weak prices and a fall in sales for its important vitamin B3.

Schering said it preferred a "complete divestiture" but was open-minded on other alternatives such as joint ventures, mergers or partial divestitures.

The company wants to concentrate on research in its four main divisions and is giving priority to expansion in the US which outstrips all other markets, including West Germany, in sales.

The fine chemicals division was formed to concentrate Schering's biotechnology activities. The company said it had no intention of reducing these and that microbiology would be expanded at its West German plants in Bergkamen. Research would be carried out in West Berlin at a newly created Institute for gene technology.

## US quarterly results

JWJ GROUP Advertising, public relations		Petro-Lewis Oil and gas	
Fourth quarter	1985	1984	
Revenue	\$ 163.3m	\$ 161.5m	
Net profits	6.1m	5.7m	
Net per share	.25	.23	
Year			
Revenue	\$ 598.2m	\$ 512.9m	
Net profits	18.5m	20.5m	
Net per share	2.00	2.34	
Second quarter		1985-86 1984-85	
Revenue	\$ 82.0m	\$ 54.9m	
Op. net profits	2.7m	1.7m	
Op. net per share	.04	.03	
Year			
Revenue	\$ 598.2m	\$ 512.9m	
Net profits	18.5m	20.5m	
Net per share	2.00	2.34	
Six months			
Revenue	\$ 165.3m	\$ 106.5m	
Op. net profits	5.3m	3.3m	
Op. net per share	.10	.09	
Loss			

MORRISON-KNUDSEN  
Construction, shipbuilding

Fourth quarter		1985	
Revenue	\$ 559.8m	\$ 526.2m	
Net profits	13.2m	15.8m	
Net per share	1.55	1.55	
Year			
Revenue	\$ 2,122m	\$ 2,025m	
Net profits	41.5m	43.0m	
Net per share	3.85	4.15	

MASHIMA  
Office equipment

Fourth quarter		1985	
Revenue	\$ 160.0m	\$ 142.5m	
Net profits	5.0m	5.0m	
Net per share	1.17	0.94	

These securities have been sold outside the United States of America and Japan. This announcement appears as a matter of record only.

14th February, 1986

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In accordance with the provisions of the Notes, notice is hereby given that, for the three month period, 14th February, 1986 to 14th May, 1986, the Notes will bear interest at the rate of 12 1/2 per cent. per annum. Coupon No. 3 will therefore be payable on 14th May, 1986 at £1,569.69 per coupon from Notes of £50,000 nominal and £156.97 per coupon from Notes of £5,000 nominal.

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February 18, 1986, London

By: Citibank, N.A. (CSSI Dept.), Agent Bank



CITIBANK

## INTL. COMPANIES &amp; FINANCE

**Bell gives revised BHP bid terms**

BY LACHLAN DRUMMOND IN MELBOURNE

**BELL RESOURCES**, controlled by Mr Robert Holmes à Court, yesterday revealed its detailed bid terms for Broken Hill Proprietary (BHP), Australia's largest company, with the price unchanged from the originally announced A\$7.70 a share but with the offer seeking 50 per cent of each remaining shareholding, or up to 500m shares.

Bell had said it was to bid for 250m BHP shares in a so-called pro rata offer but now is seeking a fixed proportion of each holding—in line with proposed new legislation—with a minimum acceptance condition of 250m shares.

However, Bell has made it a condition of the bid that its maximum cash outlay is A\$2bn (US\$1.4bn) and that the maximum amount of paper issued under its alternate bid of one

Bell share plus A\$2.50 cash, is 250m shares.

The result of these conditions is a maximum acceptance of 425m shares, representing almost 50 per cent of capital valued at A\$3.5bn, which with existing share entitlement would give the wider Bell group almost 53 per cent of BHP.

However, Bell's statistician has calculated that the likely outcome is for 20 per cent to 25 per cent of capital to accept the bid, taking the Bell group hold to between 38 per cent and 44 per cent.

In lodging the formal takeover document, Mr Holmes à Court noted yesterday that complete success for the bid in terms of acceptance meant that it failed because of the ceilings imposed on cash and the number of shares to be issued. But the statistical assumptions suggest these limits will not be pressed. Limits which in any case appear as flexible as Bell's remaining legal conditions on the bid would make them.

The document revealed that Standard Chartered Bank of the UK has provided the initial A\$2bn credit line for the offer, subject to Bell gaining acceptances for 250m shares, it retaining at least a 35 per cent voting share—or BHP's capital, that Bell Resources pledged its BHP holding to the bank and that its Group, the investment parent, inject A\$3.25m to Bell Resources to buy BHP shares.

Mr Brian Loton, BHP managing director, said the bid was risky to shareholders as they had to consider what would happen to the value of the re-

**Receiver appointed for Sigma International**

By Wong Sulong in Kuala Lumpur

**SIGMA INTERNATIONAL**, a Singapore-listed company controlled by Mr Tan Kee Swan, the Malaysian businessman and politician—and which is also a major shareholder of the collapsed Pan-Electric Industries—has been placed under receivership with outstanding debts of more than \$415m (US\$34m).

Three members of the Singapore Development Bank of Singapore, Citibank and Bank of America have obtained a court order of Peat Marwick Mitchell, the accounting firm, to be appointed receiver.

Sigma, originally a small but profitable metal fabrication company, bought 22.3 per cent of Pan-Electric last year for \$86.7m cash, with the result that its Pan-Electric stake now forms 90 per cent of its assets.

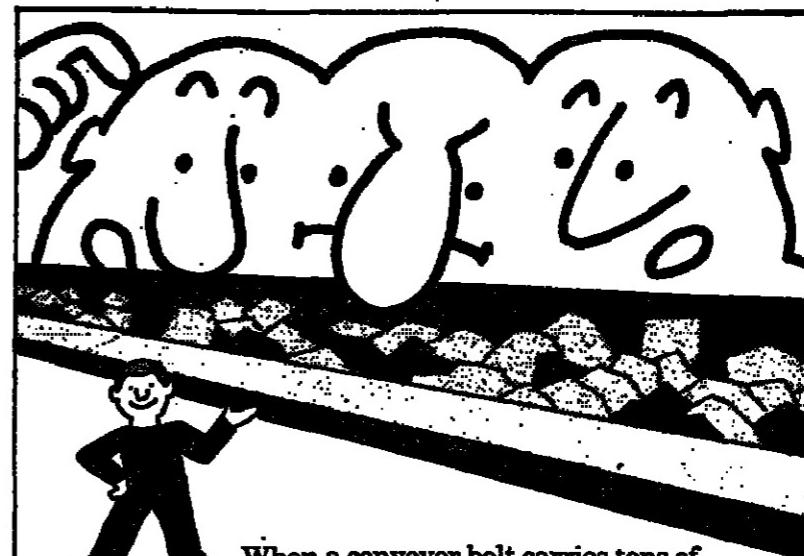
Sigma bought most of its Pan-Electric shares from a company called Wesco, which is associated with Mr Tan. Sigma, in turn, is 43.7 per cent owned by the Malaysian-listed Great United Holdings (GUTH), Mr Tan's master trust.

Shares of Sigma and the GUTH, together with those of Mr. Tan's other companies Supreme Corporation and Everpeace, have remained suspended since last November, when the Pan-Electric crisis came to a head.

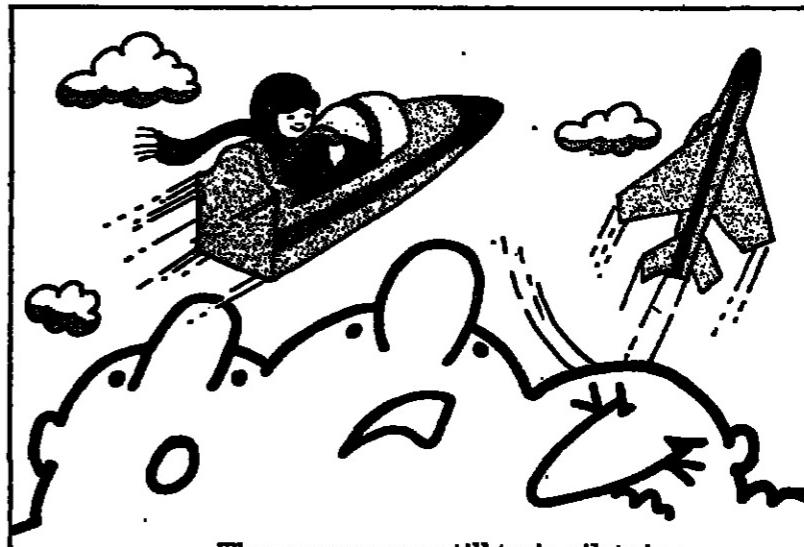
Mr Tan, president of the Malaysian Chinese Association (MCA), the largest Chinese party in Malaysia, is facing 15 charges of fraud and criminal breach of trust in Singapore. The trial is set for May.

In another development, Mr Tan has tendered his resignation as managing director of Multi-Purpose Holdings, the big investment arm of the MCA. MPH officials said its board would meet soon to consider the issue.

Mr Tan, who was instrumental in the rapid growth of MPH, has said publicly, before his arrest by the Singapore authorities, that he considered his work at MPH "completed" when he handed over the chairmanship to Datuk Lee San Cheen, a former MCA president.



When a conveyor belt carries tons of ore, the jagged rock can cause a little rip which may become a big tear. They say you can't prevent that. But Goodyear said, "Think quick," and created Sensor Guard, an electronic system that shuts down the belt if it starts to rip. So minor problems can't turn into major disasters.



They say you can still train pilots in a flight trainer that teaches only instrument flying. But Goodyear said, "Obsolete," and helped create a new flight simulator that gives pilots the sights as well as the feel and sound of flying. And with computerized projectors that react to a pilot's every move, the sky is the limit.



They say you have to change marketing strategy at every foreign border. But Goodyear said, "Now hear this!" And reorganized to market and advertise on a global basis and communicate in the universal language of quality and performance.



Sometimes, it just doesn't pay to listen to what "they" say.

**GOOD YEAR**  
Investor contact: Hanan & Associates AG  
Zurich, Switzerland. Telephone: 01 201 4090

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**MIM Holdings plans A\$200m rights issue**By Kenneth Marston,  
Mining Editor

**MIM HOLDINGS**, the Australian base metal and coal producer, yesterday announced a rights issue to raise some A\$200m (US\$140.5m or £98.7m).

Shareholders registered on March 10 will be offered one new share at A\$2 for every five shares held. Following the news the existing shares were A\$2.55 in Australia and 124p in London.

Ancora, of the US, which currently holds 44 per cent of MIM, is to take up only 6.6 new shares out of its entitlement, thus reducing its stake in MIM to 37.7 per cent. The 37.5m shares remaining out of Ancora's entitlement are understood to have been placed already with institutional investors, of which about 80 per cent are Australian.

The issue will raise the MIM issued capital to 603m shares from the present 502.8m. MIM says that the funds to be raised will be used for general working capital. The company has a heavy debt burden which was increased last year by the payment of A\$140m to Mr Robert Holmes à Court for his 13.3 per cent stake in Ancora.

After past losses, MIM returned to profitability in the final months of the year to last June. In the first half of the current year the company earned A\$30.8m compared with a loss of A\$26.5m.

**Pioneer back to profits**

By YOKO SHIBATA IN TOKYO

**PIONEER ELECTRONIC**, the Japanese audio equipment maker, swung back into the black in its consolidated net result for the first quarter to December 1985, despite the steep appreciation of the yen.

Net profits were Y1.07bn (US\$58m), turnaround from a Y234m deficit in the comparable period of the previous year. Net earnings per share came out at Y7.76, against a loss of Y1.72.

Pre-tax profits were Y4.9bn, about 3.8 times as high as the

**Special payout from Aberdare**

By Jim Jones in JOHANNESBURG

**ABERDARE CABLES**, South Africa's leading electrical cable maker, has boosted its total dividend for last year from 25 cents a share to 32 cents, although net earnings per share rose only from 48.1 cents to 55.1 cents.

Almost all the increase in the payout comes, however, in what the company describes as an extraordinary dividend of 55 cents. It says this has been paid because its manufacturing facilities are modern and no major capital expenditure is expected.

Turnover increased to R195m from R130m and pre-tax profits rose to R10.5m from R8.5m.

● Northern Engineering Africa, the 62.5 per cent-owned South African subsidiary of Northern Engineering Industries of the UK, increased turnover by more than two-fifths in 1985 to R2.64m (US\$1.8m), but pre-tax profit slipped to R3.1m from R3.2m.

The company, which makes heavy engineering equipment, says that operating income in several of the group's companies with large long-term contracts is not necessarily related to turnover because of the conservative method of profit-taking.

Earnings per share rose to 36.7 cents from 31.2 cents and the total dividend has been raised to 145 cents from 130 cents.

Turnover increased to R195m

**Pacific Dunlop boosts earnings 34%**

By OUR FINANCIAL STAFF

**PACIFIC DUNLOP**, the Australian maker of industrial and consumer goods known formerly as Dunlop Olympic, boosted net profits 34 per cent to A\$32m (US\$26.5m) in its first half to December.

However, the figure comes before extraordinary losses of A\$12.4m against A\$2.62m, bringing a 9.7 per cent advance in attributable earnings over

the 1984 period. The write-offs were on goodwill from a series of acquisitions which Sir Brian Massy-Greene, the chairman, said yesterday had significantly strengthened the group.

Most recently, these included the A\$4.5m (\$4.8m) purchase of battery businesses outside the UK from Chloride. Sir Brian said that international sales of all its products contributed some 20 per cent of the

total A\$1.19bn turnover. Sales in the 1984 first half were A\$848.15m.

Pacific Dunlop, which has no remaining connection with the British Dunlop, was helped in Australia by buoyancy particularly in the construction industry, Sir Brian added.

The interim dividend is being raised to 6 cents from 5.5 cents. Sales and earnings are expected to continue at healthy levels.

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Sales and earnings are expected to continue at healthy levels.

A heavier depreciation burden resulting from higher capital investment for capacity expansion and rationalisation, and higher research and development expenses were outweighed by the effects of volume production and the rationalisation moves.

The company plans equipment investment of Y96bn for the current year. This includes Y52bn for capacity expansion, and Y19.5bn for enlarging or retooling existing plants.

The KINGDOM OF DENMARK

Notice is hereby given that the Rate of Interest for the second one-month sub-period has been fixed at 8½% p.a. and that the interest payable for the second one-month sub-period in respect of U.S.\$1,000 nominal of the Notes will be U.S.\$63.68. This amount will accrue towards the interest payment due April 15, 1986.

For the three months February 18, 1986 to May 18, 1986 the Notes will bear interest at 8½% per annum. U.S.\$207.81 will be payable on May 18, 1986 per \$1,000 principal amount of Notes.

Agent Bank:

Morgan Guaranty Trust Company of New York London

CITIBANK

U.S. \$125,000,000

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FINANCIAL ADMINISTRATION AGENCY

OF THE KINGDOM OF DENMARK

(Konigerliche Danske Hypotek og Finansforvaltning)

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Endorseable at the Noteholders' Option in 1996

unconditionally guaranteed by

THE KINGDOM OF DENMARK

Notice is hereby given that the Rate of Interest for the second one-month sub-period has been fixed at 8½% p.a. and that the interest payable for the second one-month sub-period in respect of U.S.\$1,000 nominal of the Notes will be U.S.\$63.68. This amount will accrue towards the interest payment due April 15, 1986.

For the three months February 18, 1986 to May 18, 1986 the Notes will bear interest at 8½% per annum. U.S.\$207.81 will be payable on May 18, 1986 per \$1,000 principal amount of Notes.

Agent Bank:

Morgan Guaranty Trust Company of New York London

CITIBANK

U.S. \$100,000,000

Floating Rate Notes

due 2000

Notice is hereby given that the Rate of Interest relating to the above issue has been fixed at 8½ per cent for the period 18th February 1986 to 18th August 1986.

Total interest payable on 18th August 1986 per US\$10,000 Note will be US\$427.36 and per US\$250,000 Note will be US\$10,684.03.

Agent Bank:

Morgan Guaranty Trust Company of New York London

CITIBANK

U.S. \$400,000,000

BANQUE FRANCAISE

DU COMMERCE EXTERIEUR

Guaranteed Floating Rate Notes Due 1987

For the three months February 18, 1986 to May 18, 1986 the Notes will bear interest at 8½% per annum. U.S.\$207.81 will be payable on May 18, 1986 per \$1,000 principal amount of Notes.

Agent Bank:

Morgan Guaranty Trust Company of New York London

CITIBANK

U.S. \$200,000,000 Floating Rate Notes Due 1993

For the three months

18th February, 1986 to 19th May, 1986

the Notes will carry an interest rate

of 8½% per annum and coupon amount of

US\$209.38 per US\$10,000 note, and

US\$5,234.38 per US\$250,000 note.

Listed on the Luxembourg Stock Exchange by

Bankers Trust Company Agent Bank

CITIBANK

U.S. \$200,000,000 Floating Rate Notes Due 1993

For the three months

18th February, 1986 to 19th May, 1986

the Notes will carry an interest rate

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Bankers Trust Company Agent Bank

CITIBANK

U.S. \$200,000,000 Floating Rate Notes Due 1993

For the three months

18th February, 1986 to 19th May, 1986

the Notes will



# Exceptional Performance

In a period of increasing global M&A activity, First Boston/Credit Suisse First Boston acted as financial advisor to over 100 major mergers, acquisitions, divestitures and leveraged buyouts, and ranked Number 1 in the *Financial Week's* tally of 1985 major and leveraged transactions. First Boston/Credit Suisse First Boston advised on 10 of the 10 largest deals, more than any other investment bank, and over 75 transactions worth \$100 million. These included the year's largest oil/international merger and the two largest leveraged buyouts of the year, both of which were First Boston/Credit Suisse First Boston transactions.

First Boston/Credit Suisse First Boston's global capabilities of First Boston/Credit Suisse First Boston's 400-person M&A department, supported by 100 M&A professionals in New York and London as well as Atlanta, Boston, Chicago,

## INTERNATIONAL

<u>Acquiring Company</u>	<u>Acquired, Selling or Target Company</u>	<u>Assignment or Form of Transaction</u>	<u>Approximate Size of Transaction</u>
Nestlé S.A.	Carnation Company	Cash Tender Offer	\$3,000,000,000
W.R. Grace & Co.	Deutsche Bank AG	Repurchase of 26% Interest (Pending)	598,000,000
Texaco Canada Inc.	Texaco Inc.	Divestiture of Canadian Reserve Oil and Gas Ltd.	495,000,000
<b>Atlantic Petroleum Corporation</b>	Atlantic Richfield Company	Purchase of Philadelphia Refinery and Associated Service Station Operations in New York and Pennsylvania	420,000,000
Beecham Group p.l.c.	Pantry Pride, Inc.	Purchase of Norcliff Thayer and Reheis Chemical	395,000,000
First Boston, Inc. Investor Group	Dunlop Holdings plc	Leveraged Buyout of Dunlop Tire Corporation, a subsidiary of Dunlop Holdings plc, with Management and First Boston as Investors	193,000,000
Reckitt & Colman plc	<b>CIBA-GEIGY AG</b>	Divestiture of Airwick Group	193,000,000
Svenska Tobaks AB	GrandMet USA, Inc.	Purchase of The Pinkerton Tobacco Company	138,000,000
Klöckner-Humboldt-Deutz AG	Allis-Chalmers Corporation	Purchase of Agricultural Equipment Division and Allis-Chalmers Credit Corporation	107,000,000
Nationale-Nederlanden N.V.	<b>National Distillers &amp; Chemical Corporation</b>	Divestiture of Indiana Insurance Co.	105,000,000
M.I.M. Holdings Limited	Weeks Petroleum Limited	Purchase of 14.5% Interest in ASARCO Incorporated	98,000,000
Unilever N.V. and Industrias Gessy Lever Limitada	<b>Anderson, Clayton &amp; Co.</b>	Divestiture of Brazilian subsidiary, Anderson, Clayton S.A. Industria e Comerico (Pending)	77,000,000
<b>CIBA-GEIGY AG</b>	Spectra-Physics, Inc.	Purchase of 20% Interest	44,000,000
Esselle Business Systems Inc.	Boorum & Pease Company	Cash Tender Offer	43,000,000
Aachen and Munich Holding Company	Academy Insurance Group, Inc.	Sale of Newly Issued Convertible Debt (Pending)	39,000,000
Unilever N.V.	<b>Anderson, Clayton &amp; Co.</b>	Divestiture of Mexican subsidiary, Anderson, Clayton & Co., S.A. (Pending)	36,000,000
Blagden Industries plc	City Investing Company	Divestiture of European Manufacturing Operations of City Investing International, Inc.	35,000,000
M. Eguizabal	La Direccion General Del Patrimonio Del Estado Espanol and Rumasa, S.A.	Divestiture of Diez-Merito, S.A. and Bodegas Internacionales, S.A.	35,000,000
Allied Lyons plc (through its wholly owned subsidiary Harveys of Bristol Limited)	La Direccion General Del Patrimonio Del Estado Espanol and Rumasa, S.A.	Divestiture of Fernando A. De Terry, S.A. and Palomino Y Vergara, S.A.	26,000,000
Agfa-Gevaert, Inc., a subsidiary of Bayer AG	Matrix Corporation	Purchase of 10% Interest	22,000,000
Ing. C. Olivetti & C., S.p.A.	Docutel/Olivetti Corporation	Merger for Cash	20,000,000
Bralorne Resources Limited	Mark Products, Inc.	Merger for Cash	19,000,000
Co Op Aktiengesellschaft	<b>La Direccion General Del Patrimonio Del Estado Espanol and Rumasa, S.A.</b>	Divestiture of Garvey, S.A.	17,000,000
Barrick Resources Corporation	Texaco Inc.	Divestiture of Getty Gold Mine Company	Undisclosed
Caribbean Bottling Company (Bahamas) Limited	Coca-Cola Bottling Co. Consolidated	Divestiture of Caribbean Bottling Limited	Undisclosed
Charterhouse Group International, Inc.	Allied-Signal Inc.	Divestiture of C & D Power Systems (Pending)	Undisclosed
Credit Suisse	Max Grundig-Stiftung	Divestiture of Grundig Bank	Undisclosed
The Deceuninck Family	City Investing Company	Divestiture of Deceuninck Group (Belgian and other foreign companies)	Undisclosed
Fuji Photo Film (Europe) GmbH and Borsumij Investment B.V.	<b>City Investing Company</b>	Divestiture of Photofinishing Holding International B.V.	Undisclosed
Hong Leong Corporation Ltd.	Ashland Oil, Inc.	Divestiture of Rheem (Far East) Pte. Ltd.	Undisclosed
Hosokawa Micron Corporation	Coca-Cola Bottling Co. Consolidated	Divestiture of U.S. Filter Systems, Inc.	Undisclosed
ingenieria Empresarial C. por A.	Ministry of Transport—Government of Canada	Divestiture of Refrescos Nacionales, C. por A.	Undisclosed
A New Corporation Organized By Inuvialuit Development Corporation and Nunasi Corporation	General Electric Company	Privatization of Northern Transportation Company Limited	Undisclosed
Kawasaki Steel Corporation	American General Corporation	Purchase of Thermal Systems Division	Undisclosed
Metropolitan Life Insurance Company	Amselco Exploration Inc., a subsidiary of BP North America, Inc.	Purchase of Albany Life Insurance Company, Ltd.	Undisclosed
Negri River Corporation Limited and Grant's Patch Mining Limited	Celanese Corporation	Divestiture of Colosseum Gold Project (Pending)	Undisclosed
Orsan S.A., an affiliate of Lafarge Coppée S.A.	Texaco Inc.	Divestiture of Ag Products Group	Undisclosed
Priha Oy	City Investing Company	Divestiture of Chembond Corporation	Undisclosed
Rheem Empreendimentos Industriais E. Comerciais S. A.	Kentwood Spring Water, Inc.	Divestiture of Rheem Metalurgica S.A.	Undisclosed
Suntory International Corp.	Asiaweek, Ltd.	Merger for Cash	Undisclosed
Time Incorporated	Coca-Cola Bottling Co. Consolidated	Purchase of 80% Interest	Undisclosed
United Investors Limited	Texaco Inc.	Divestiture of Wometco Newfoundland, Limited	Undisclosed
Utah International Inc.		Divestiture of 50% Interest in the Escondida copper deposit (Pending)	Undisclosed

Continued on following page

**The First Boston Corporation  
Credit Suisse First Boston Limited**

Note: First Boston's clients are indicated by bold print.

# Leadership in Mergers Acquisitions and Divestitures 1985

## DOMESTIC U.S.

<u>Acquiring Company</u>	<u>Acquired, Selling or Target Company</u>	<u>Assignment or Form of Transaction</u>	<u>Approximate Size of Transaction</u>
<b>Philip Morris Companies Inc.</b>	General Foods Corporation	Cash Tender Offer	\$5,700,000,000
General Motors Corporation	Hughes Aircraft Company	Merger for Cash and General Motors Class H Common Stock	5,122,000,000
<b>Allied Corporation</b>	The Signal Companies, Inc.	Cash Tender Offer/Common Stock Merger	5,000,000,000
<b>Baxter Travenol Laboratories, Inc.</b>	American Hospital Supply Corporation	Merger for Cash and Securities	3,800,000,000
United States Steel Corporation	Texas Oil & Gas Corporation	Merger for Common Stock (Pending)	3,560,000,000
Capital Cities Communications, Inc.	American Broadcasting Companies, Inc.	Merger for Cash and Warrants (Pending)	3,500,000,000
The Coastal Corporation	American Natural Resources Company	Cash Tender Offer	2,500,000,000
American Television and Communications, Inc., Tele-Communications, Inc., et al.	Westinghouse Electric Corporation	Divestiture of Group W Cable, Inc. (Pending)	2,100,000,000
Kohlberg Kravis Roberts & Co. Investor Group			
Mesa Partners (Mesa Petroleum/Wagner-Brown)			
<b>Cox Enterprises, Inc.</b>			
MidCon Corp.			
Various Buyers			
Taft Broadcasting Company			
Home Group, Inc.			
Rorer Group, Inc.			
International Minerals & Chemical Corporation			
THL Holdings Inc.			
FPL Group Inc.			
Kohlberg Kravis Roberts & Co. Investor Group			
Citizens and Southern Georgia Corporation			
<b>Ford Motor Company</b>			
Security Pacific Corporation			
Time Incorporated			
SFN Holding Company			
Gibbons, Green, van Amerongen Investor Group			
Ford Motor Company			
Owens-Corning Fiberglas Corporation			
Sovran Financial Corporation			
Berkshire Hathaway Inc.			
Citizens and Southern Georgia Corporation			
G.D. Searle & Co.			
Emerson Electric Co.			
The Pillsbury Company			
Union Bancorp			
Wesray Capital Corporation			
Coca-Cola Bottling Co. Consolidated			
Castle & Cooke, Inc.			
Lincoln National Corporation			
Metropolitan Life Insurance Company			
Scripps-Howard Broadcasting Company			
Xidex Corporation			
First Boston, Inc. and Kelso & Company Investor Group			
Allegheny Beverage Corporation			
National Distillers & Chemical Corporation			
Society Corporation			
Madison Resources, Inc.			
Midlantic Banks, Inc.			
USLICO Corporation			
Coit Industries, Inc.			
Crane Co.			
Houston Industries Incorporated			
Eastman Kodak Company			
Soo Line Corporation			
Gannett Co., Inc.			
FMC Corporation			
LPL Investment Group Inc.			
Advance Publications, Inc.			
CMC Holding Company			
Harcourt Brace Jovanovich, Inc.			
Itej Corporation			
Colgate-Palmolive Company			
Shell Oil Company			
AmSouth Bancorporation			
CBS Inc.			
Power Test Corp.			
Citizens Financial Group Inc.			
Colson, Inc.			
Parker-Hannifin Corporation			
Hibernia Corporation			
Baxter Travenol Laboratories, Inc.			
Sovran Financial Corporation			
<i>Note: First Boston's clients are indicated by bold print.</i>			

## DOMESTIC U.S. (Cont'd.)

<u>Acquiring Company</u>	<u>Acquired, Selling or Target Company</u>	<u>Assignment or Form of Transaction</u>	<u>Approximate Size of Transaction</u>
Seagull Energy Corporation	ENSTAR Corporation	Divestiture of Alaska Pipeline Co. and Assets of ENSTAR Natural Gas Co.	\$ 65,000,000
Xidex Corporation First Boston, Inc. Investor Group	Control Data Corporation Castle & Cooke, Inc.	Purchase of Business Products Group Leveraged Buyout of Bumble Bee Seafoods Division, with Management and First Boston as Investors	65,000,000 60,000,000
American Continental Corporation Gannett Co., Inc. Equimark Purchasing Partners	Anderson, Clayton & Co. Des Moines Register and Tribune Company	Divestiture of American Founders Life Insurance Company (Pending) Divestiture of 14% Interest in Cowles Media Company	58,000,000 56,000,000
Xidex Corporation Zeigler Coal Holding Company	Equimark Corporation Xidex Magnetics Corporation	Recapitalization Merger for Common Stock	55,000,000 55,000,000
Holly Corporation The Coastal Corporation	Houston Natural Gas Corporation Holly Corporation Texaco Inc.	Divestiture of Zeigler Coal Company Recapitalization Divestiture of Eagle Point Refinery Complex	50,000,000 43,000,000 (+inventories)
Piedmont Aviation, Inc. Gannett Co., Inc. Ash Grove Cement Company	Empire Airlines, Inc. Des Moines Register and Tribune Company	Merger for Cash (Pending)	42,000,000
Chevy Chase Savings and Loan, Inc. The Coastal Corporation	Arka, Inc.	Divestiture of The Jackson Sun	40,000,000
Texas Oil & Gas Corp.	B.F. Saul Mortgage Company	Divestiture of Arkansas Cement Corporation	38,000,000
United Banks of Colorado, Inc.	Texaco Inc.	Merger for Preferred Stock	38,000,000
CP National Corporation PSFS	Occidental Petroleum Corporation IntraWest Financial Corporation	Divestiture of Getty Minerals Company (Skyline Coal Mine) Divestiture of Lathrop Gas Field	34,000,000 30,000,000
The Chase Manhattan Corporation Criterion Mortgage Holding Corporation	Ocean Technology, Inc.	Purchase of 2 IntraWest banks (Pending)	30,000,000
Recognition Equipment Incorporated Huckvale Acquisition Inc.	First Federal Savings and Loan Association of Winter Haven	Merger for Cash	28,000,000
Riverside Corporation Lilly Industrial Coatings, Inc.	Third Century Leasing Group	Merger for Cash	19,000,000
Security Benefit Life Insurance Company	City Investing Company	Merger for Cash (Pending)	16,000,000
Celanese Corporation W & D Securities Inc.	Datapoint Corporation	Divestiture of Criterion Financial Corporation	16,000,000
Celanese Corporation	City Investing Company	Purchase of Certain Assets of Inforex, Inc.	12,000,000
Ackerley Communications Incorporated Air Products and Chemicals, Inc.	Western States Life Insurance Company	Divestiture of Guerdon Industries Inc.	11,000,000
American Bakeries Company AMETEK, Inc.	Celanese Corporation	Divestiture of Alliance Life Insurance Company (Pending)	9,000,000
Atlas Foundry & Machine Co.	The First Pyramid Life Insurance Company of America	Divestiture of Certain Assets and Liabilities of Almatex Ltd.	8,000,000
The Bank of New York Company, Inc.	Codenoll Technology Corporation	Merger for Cash	6,000,000
BMT Acquisition Corporation	Associated Madison Companies, Inc.	Purchase of 10% Interest	5,000,000
Burnham Broadcasting Company	Interactive Radiation, Inc.	Divestiture of AC Securities, Inc.	4,000,000
Celanese Corporation	Des Moines Register and Tribune Company	Purchase of 21.5% Interest	3,000,000
Celanese Corporation	Texaco Inc.	Divestiture of KSGO-AM and KGON-FM Radio Stations	Undisclosed
Centronics Data Computer Corp.	Cotton Brothers, Inc.	Divestiture of Getty Synthetic Fuels, Inc.	Undisclosed
C.I.T. Corporation	Ashland Oil, Inc.	Merger for Cash	Undisclosed
Cities Service Company	Ashland Oil, Inc.	Divestiture of PanAlarm International, Inc.	Undisclosed
The Coastal Corporation	Security Pacific Corporation	Divestiture of Atlas Foundries Division	Undisclosed
Cyprus Minerals Company	Beverage Management Inc.	Divestiture of RMJ Securities Corporation (Pending)	Undisclosed
First Boston, Inc. Investor Group	Des Moines Register and Tribune Company	Merger for Cash	Undisclosed
FMC Corporation	Endotronics, Inc.	Divestiture of KHON-TV and KAII-TV	Undisclosed
FOC Corporation	Osmonics, Inc.	Purchase of 28% Interest	Undisclosed
Freeport-McMoRan Inc. Master Limited Partnership Unitholders	Trilog, Inc.	Purchase of 25% Interest	Undisclosed
The Goodyear Tire & Rubber Company	American Hoist & Derrick Company	Purchase of Assets	Undisclosed
Harvard Industries, Inc.	Texaco Inc.	Divestiture of Finance Receivables of Amhoist Credit Corporation	Undisclosed
Hawkeye Acquisition Corporation	Texaco Inc.	Divestiture of Coltexo Corporation	Undisclosed
The Henley Group, Inc.	Texaco Inc.	Divestiture of Northeast Pipe Lines and Terminals (Pending)	Undisclosed
Ingersoll-Rand Company	Textron, Inc.	Divestiture of Plateau Mining Company, Colorado Yampa Coal Company, Twentymile Coal Company and various other related companies	Undisclosed
International Paper Company	International Paper Company	Leveraged Buyout of The Chart House, with the First Boston Mezzanine Investment Partnership, Management and First Boston as Investors	Undisclosed
Master Limited Partnership Unitholders	Allied-Signal Inc.	Purchase of BS&B Engineering Company	Undisclosed
Kirtland Capital Corporation	The LTV Corporation	Divestiture of Fibercast Company (Pending)	Undisclosed
Latham Labs, Inc.	Freeport-McMoRan Inc.	Formation of a Master Limited Partnership for purpose of holding selected Oil & Gas Properties (Pending)	Undetermined
Lockheed Corporation	Texas Eastern Corporation	Divestiture of Automotive Services Division (Pending)	Undisclosed
Mobil Corporation	America Corporation	Divestiture of Esna and Caco-Pacific Divisions	Undisclosed
The New York Times Company	Texaco Inc.	Divestiture of Hawkeye Chemical Company	Undisclosed
O. H. Materials Corporation	Allied-Signal Inc.	Spin-Off to Shareholders of 70% Ownership in New Corporation formed to own 30 Allied-Signal Business Units (Pending)	Undisclosed
Price Communications Corporation	Textron, Inc.	Purchase of Fafnir Bearing Division	Undisclosed
Republic Supply Co.	International Paper Company	Formation of a Master Limited Partnership for purpose of holding approximately 7,000,000 acres of Timberland	Undetermined
Reveco D.S., Inc.	Allied-Signal Inc.	Divestiture of North American Refractories Unit (Pending)	Undisclosed
RSP&M, Inc.	Baxter Travenol Laboratories, Inc.	Divestiture of American Haemonetics Corporation	Undisclosed
The Rymer Company	Avicom International, Inc.	Merger for Cash	Undisclosed
Swire Bottlers Inc.	Texaco Inc.	Divestiture of 40% Interest in Wyco Pipe Line Company	Undisclosed
Universal Foods Corporation	Des Moines Register and Tribune Company	Divestiture of WQAD-TV	Undisclosed
Utility Fuels, Inc.	Environmental Testing & Certification Corporation	Merger for Common Stock (Pending)	Undisclosed
Wood Bros. Homes, Inc.	Des Moines Register and Tribune Company	Divestiture of WIBA-AM and WIBA-FM Radio Stations	Undisclosed
Xidex Corporation	IC Industries, Inc.	Divestiture of Certain Assets of Republic Supply Division	Undisclosed
	Ashland Oil, Inc.	Purchase of Carls Drug Co., Inc.	Undisclosed
	Murry's Steaks Inc.	Divestiture of Cashco Holdings, Inc.	Undisclosed
	Investco Partners (comprised of Coca-Cola Bottling Co. Consolidated and FBCC Holdings, Inc., a subsidiary of First Boston, Inc.)	Merger for Cash	Undisclosed
	Sara Lee Corporation	Divestiture of Northern Arizona Coca-Cola Bottling, Inc.	Undisclosed
	Texaco Inc.	Divestiture of Idaho Frozen Foods Corp.	Undisclosed
	City Investing Company	Divestiture of Getty Coal Company (Malakoff-Cayuga Coal Project)	Undisclosed
	Charlton Associates	Spin-Off to Shareholders of 100% Ownership in Wood Bros. Homes, Inc.	Undisclosed
		Merger for Common Stock and Warrants (Pending)	Undisclosed

Note: First Boston's clients are indicated by bold print.

In 1985, a period of increasing global M&A activity, First Boston/Credit Suisse First Boston acted as financial advisor on more than 190 mergers, acquisitions, divestitures and leveraged buyouts, and ranked Number 1 in *Corporate Financing Week's* tally of 1985 merger and acquisition transactions. First Boston/Credit Suisse First Boston advised on 7 of the 10 largest deals, more than any other investment banker, and over 75 transactions greater than \$100 million. These included the year's largest non-oil international merger and the two largest corporate divestitures. At the same time, more than one third of First Boston/Credit Suisse First Boston's transactions were under \$50 million.

# The First Boston Corporation Credit Suisse First Boston Limited

## UK COMPANY NEWS

### Martin Dickson assesses the two-way fight for Imperial Group Hanson loses initiative to United

RARELY CAN a rival have seized the initiative in such dramatic fashion from Hanson Trust, a past master of takeover tactics.

At 9.30 yesterday morning Hanson duly unveiled its long-awaited higher offer for Imperial Group, the tobacco, brewing and cigarette business which last week saw its rival plans for a merger with United Biscuits, by way of an Imperial offer for United disappear into the limbo of a Monopolies Commission reference.

At precisely the same time, however, United was unveiling plans for a new link-up with Imperial. United was now making the bid and at a price significantly above Hanson's latest.

This bold move by United, which it argues will enable it to compete much more effectively in the world sugar market, has demonstrated how keen the biscuit company is to cement an alliance which, it argues, will enable it to compete much more effectively in the world sugar market.

And the aggressive approach of Sir Hector Laing, United's chairman, should help allay the suspicion that the collapse of the original deal with Imperial left his company without any clear way forward and open to a possible predator.

But the battle is far from over. Hanson is less than United has considerable credibility riding on victory in this contest.

Its reputation as a takeover tactician, which at one point last year seemed to be waning, has been vigorously revived by its hard-won acquisition of the US of AM, the chocolate and confectionery firm. Some analysts would nevertheless argue that it wants a takeover on the Imperial scale to keep up its heady growth.

United says it began making contingency plans for a bid for Imperial as soon as Hanson unveiled its offer in early December. United was stirred into action by the Government's decision on Wednesday of last week to refer its merger to the Monopolies Commission. The decision was taken on competition grounds, apparently because the combined group would account for about 40 per cent of the UK snack food market, even though this area would make up only about 4 per cent of total turnover.

United consulted Imperial on Friday of last week and the two sides agreed to drop the original merger. The Government, with unusual speed, laid aside the reference, clearing the legal way for a new United bid.

To get round the Monopolies problem, United says that if victorious it will sell Imperial's Golden Wonder business, which



**THE MAIN PLAYERS:** From left to right, Lord Hanson, chairman of Hanson Trust, Geoffrey Kent, chairman and chief executive of Imperial Group and Sir Hector Laing, chairman and chief executive of United Biscuits

produces crisps, nuts and snacks, and which made pre-tax profits of £3.1m on turnover of £117.2m in the year to October 1984.

There should be no shortage of takers for the business, which could realise £70m-£90m. United claims to have had at least eight inquiries already.

It is not clear if this eliminates the danger of a reference.

United has taken soundings at the Office of Fair Trading and seems confident. The OFT refused to confirm or deny that any discussions had taken place, while the Hanson camp last night was busily trying to sort out what it means and what it means to United.

A much greater threat to Sir Hector's plans could prove to be movements in relative share prices. The United bid at present stands higher than that from Hanson, but is vulnerable to downward movement in the strong industrial logic for a deal.

#### THE TERMS

• **UNITED BISCUITS:** Five new ordinary shares plus five new convertible preferred shares plus 275p in cash for every six Imperial ordinary shares. Imperial shareholders would also be entitled to retain the company's recommended final dividend of 6.6p a share. The new convertible will hold a fixed cum preference dividend of 1p net and will be convertible on the basis of a fixed price of 242p for each new USB ordinary.

• **HANSON:** Either one ordinary plus 153p in cash, or one ordinary plus 153p nominal of 10 per cent new convertible stock, or one ordinary plus 153p nominal of 12 per cent loan notes for each Imperial share. Imperial shareholders would also receive the company's proposed final dividend of 6.6p. There is a full cash alternative of 293p per share.

The 10 per cent convertible unsecured loan stock 2007-2012 will carry the right of conversion into Hanson ordinary shares at 172p a share 1990-2007.

This announcement appears as a matter of record only.

### Geest set for place in the market

By Andrew Gowers

Geest Holdings, Britain's largest fruit and vegetable importer and one of the country's biggest private companies is considering a stock market flotation as part of its plans for growth over the next few years, the company confirmed yesterday.

Mr Leonard van Geest, chairman, said in a statement that flotation was "one of a number of options" being explored by the company with its merchant bank, Hambros, and other advisers.

However, if the company did elect to seek a share listing, this could not take place before the autumn and might be later, he added.

Geest, which this year celebrates its 50th anniversary, has had rapidly-growing turnover in the past few years, reaching £370m last year compared with £338m in 1984. Net profit was £12.5m, though the figure for last year, not yet announced shortly, is expected to be considerably better.

Best known for its handling of bananas from the West Indies, Geest, a connection that goes back to the 1950s, the company's core business is importing and distributing fresh fruit and vegetables.

But it also has a growing food-processing business and a large division selling house plants and other garden products. It has cultivated close links with retail multiples such as J. Sainsbury and Marks and Spencer, through which it sells up to 300 different fresh fruit and vegetable products, and it is investing substantial amounts of money—all internally-generated—on its nationwide distribution network.

In 1984, it signalled its intention of concentrating more on its core business by closing down a light engineering company it had built up. Last December, it also sold a small computer software subsidiary.

Mr van Geest, 35 and son of one of the company's two founders, was not available for further comment yesterday. But it does not appear the company has really made its mind up. In addition

to its public flotation.

Speaking earlier this month at the company's headquarters in Spalding, Lincolnshire, he said the company was in a good cash position for further investment following its recent moves away from diversification.

However, he added that a public flotation might be better if the company was to consider making any major acquisitions. "It really depends what at the time you're trying to achieve," he said.

Ronald Martin £3m deal

Ronald Martin, the Manchester-based office equipment and stationery supplier, is to acquire Frank Groome, a Nottingham-based retail distributor of

similar goods, in a deal worth up to £3.25m.

The new group will have a combined turnover of more than £51m, employing 300 people and servicing around 15,000 corporate clients.

Martin, which came to the USM last November, is to pay an initial £1.5m for Groome, half in cash and half in a vendor placing of 565,238 ordinary shares at 126p. Three further payments of up to £1.5m will be made, depending on Groome's pre-tax profits up to December 1986.

Martin shares closed at 150p, up 16p on the day. Last November, Groome reported pre-tax profits of £875,000 for the year ended December 1985. For the six months to last June, it made £480,000 on turnover of £4.31m.

Groome made pre-tax profits of £251,000 on £6.5m turnover for the year ended September 1985.

### Hunter's Scottish buy

Hunter, furniture manufacturer and importer, has agreed to buy Christie and Vesey, the Scottish-based specialist wood importers and distributor, for £16m cash.

Hunter, a recovery stock is 74.1 per cent owned by Hindswell Holdings, the food distributor, which has agreed to vote in favour of the deal at the forthcoming AGM for shareholders.

The aim of the deal is to expand Hunter's traditional plywood, particle board and chipboard activities.

C & V has not been profitable, but Hunter said yesterday that cost-cutting would enable C & V to contribute to its profitability.

C & V's latest accounts for

the year ended March 1985 show a pre-tax loss of £273,000 on turnover of £6.3m. For the nine months to last December, C & V made a pre-tax loss of £200,000 on turnover of £4.7m.

In the six months to last June, Hunter more than doubled pre-tax profits from £202,000 to £497,000. Turnover grew only marginally from £13.1m to £13.5m. The group was formerly known as Uniflex Holdings.

Hunter said yesterday that its expanding plywood and DIY-discount subsidiary, Hunter-Plywood, had been seeking a suitable Scottish base. C & V is based at Grangemouth, Central Scotland.

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The small US life business transacted by Montreal Life is not included in the transaction.

JOS HOLDINGS, investment trust, had a net asset value of 160.1p per share at end-January 1986 against 138.2p a year earlier, and 135.1p at end-July 1985. Net revenue for the six months to January increased by 513,000 (£22,000) for earnings of 1.47p per share. The interim dividend is lifted by 0.5p to 1.24p and the board expects to at least maintain the final at last year's level.

In 1985, the total life premiums of E-L Financial were £587m, while Montreal Life had a premium income approaching £145m.

Both Montreal Life and Empire Life, the main life company within E-L Financial, will continue to operate under their existing names. It is expected that the consolidation of the two operations will result in significant improved operating efficiencies and provide a stronger base to expand opera-

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## UK COMPANY NEWS

## Currency swings restrict Dalgety growth to 6.6%

Dalgety group of international merchants raised pre-tax profits by 6.6 per cent from £83.2m to £85.4m in the half-year ended December 31, 1985. This was at the bottom end of City estimates and the shares slipped 2p to 228p.

Mr David Donne, the chairman, says the results include a first-time contribution from Gill and Duffus and reflect an underlying trend of improved trading. However, currency movements, though still toll-had they remained stable, the profit would have been £4.7m greater.

Another factor in the company's success last year is the deconsolidation of Dalgety Farmers in Australia, which is now a related company.

Earnings per share dipped from 11.6p to 11.2p, the inevitable consequence, says Mr Donne, of currency movements, and to a lesser extent the anticipated short-term effect of purchasing Gill and Duffus.

However, the interim dividend is again 5.5p net, on capital increased by the acquisition and adjustment for a 100 per cent scrip. The cost of such payment is up to £10.8m (£8.5m).

Summarising the half-year's working, Mr Donne says the UK performance showed further progress and was reflected in a higher profit-before interest, of £27.2m (£24.5m) from turnover of £831m (£836m). Gill and Duffus performed well, despite difficult trading conditions, and produced a profit of £16.8m on turnover of £732m.

In Canada, turnover fell to £149m (£191m) and profit to 2.5m (£3.7m). This stemmed from poor lumber prices and a severe depression in the pulp market for wood chips. Measured in Canadian dollars the profit was down by 10 per cent.

On a comparable basis, the Australian figures improved, although this half's actual figures are much lower because of reducing the stake in Dalgety Farmers to 49 per cent. Turnover was £21.6m (£20m) and profit £2.1m (£0.1m).

Mr Donne tells members that the performance in the US was very creditable, being better than the sterling translation indicates. Turnover shows turnover of £272m (£260m) and profit £2.6m (£0.2m).

Looking at prospects, the chairman expresses his confidence of another good year, while the longer term "is very encouraging". Excluding any adjustment for Gill and Duffus, the group recorded a pre-tax profit of £87.5m for the 1984-85.

Considerable benefits are expected from the integration and rationalisation of the processing and trading activities of Gill and Duffus with the existing business.

The cost reduction programme being implemented in all the business units will have a significant impact on future performance.

An analysis of turnover and trading profit before interest, by activity shows: agricultural service and supply £375m (£483) and £27.3m (£21.6m); food processing and distribution £358m (£31.07m) and £18.9m (£16.8m); cereal processing and compounding £200m (£21.7m) and £16.2m (£15.8m); other £182m (£270m) and £3.6m (£7.1m).

Related companies contributed 23.5m (£2.2m) but interest charges soared from £16.6m to £21.7m. At December 31 the group's net borrowings had increased from £207.1m to £208.3m, of which £14.7m (£23.8m) were

## Far East switch lifts Scottish Eastern

NET ASSET value per 25p share of the Scottish Eastern Investment Trust rose by 12.5p in the year ending January 1986. Earnings improved from 1.9p to 2.0p.

Gill and Duffus accounted for £7.9m of this year's pre-tax profit, while Dalgety Farmers contributed £7.1m of the 1984 trading profit before interest.

After UK tax, £7.2m (£5.3m) and expenses of 5.5p (£5.7m), attributable profit comes to £22.7m (£19.7m). There are also extraordinary charges of £400,000 (£5.1m).

### • comment

The purchase of Gill and Duffus last year has proved a double burden for Dalgety. The City, which was confused about the deal and its dilutive effect in the share price, is also suspicious of anyone with even the smallest exposure to tin. These figures should go some way to rehabilitating Dalgety: not only are Gill's figures as good as could be expected in a dull cyclical market, but the improved activity in the UK cereals business (and some judicious price rises) helped weather the storm of a poor wheat harvest. The reduced contribution from Martin Browne was inevitable given the need to gear up the McDonald's distribution network, and the introduction of a slightly elaborate new hamburger. The real problem is the Canadian lumber business, where prices remain depressed despite an improvement in housing starts: however good the return on capital in a good year, one wonders if Dalgety can afford to wait for a similar turnaround. Recovery here and at Martin Browne — provided McDonald's does not come up with another blockbuster — is the key to improvement next year. For this year, a result pre-tax of 27.5m and a share price/earnings ratio of under 10 and a yield of 7.5 per cent.

## Expansion-minded Mann hits target

Mann & Co, the Surrey-based estate agent which moved into a new area of operation last month via the acquisition of Abbotts (East Anglia), raised its first half profits to £2.28m, pre-tax, an improvement of 22 per cent over last year's £1.86m.

The half year results were in line with the directors' forecast made at the time of the acquisition of Abbotts.

The dividend for the 12 months is lifted from an adjusted 1.5p to 2p net, the final being 1.15p.

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Gross revenue pushed ahead from £10.82m to £11.48m. Tax of £2.07m (£2.1m) left net revenue at £8.75m, compared with £4.15m. Total resources expanded from 2,272 to 2,600.

The trust entered the 1985-86 year with 45 per cent of its investments in the UK, 26 per cent in North America and 21 per cent in the Far East. Last spring some 10 per cent of the trust's assets were switched from the Far East into continental European markets, especially West Germany, with favourable results.

Currently, net currency exposure is 50 per cent sterling, 20 per cent US dollar, 20 per cent yen and 14 per cent Euro, principally the Deutsche mark.

## Cranbrook

Despite the downturn in its industry, Cranbrook Electronic Holdings has met its profit forecast with £502,000 pre-tax for the year ended September 30 1985.

The forecast of £500,000 was contained in last June's prospectus for quotation on the USM; in the previous year the company made £365,000. The dividend is 0.5p net.

Cranbrook distributes high technology active electronic components and sub-systems to customers in defence, telecommunications and business computers. Its most important supplier is Western Digital Corporation.

Turnover did not quite match the last year's level at £1.18m (£8.28m). Earnings per share rose from 2.41p to 3.9p.

The following companies have notified dates of board meetings or the stock exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends will be interim or final and the sub-divisions shown below are based mainly on last year's timetable.

**TODAY**

Interims—Dunelm Furniture Property, Ricardo Consulting Engineers, Sigma International, Throgmorton Secured Growth Trust, United Real Estate Property Trust.

Finals—Aldersgate Holdings, Berridale, Bulmers, Kewstow, Padeng Senang, Scottish Eastern Investors, Tsc, Transport Development.

At the A.G.M. held on 17th February, the Chairman stated that "the unaudited net asset value per Capital Share at 31st January was 8.20p"

## BASE LENDING RATES

ABN Bank	12.15%	Hambros Bank	12.15%
Allied Dunbar & Co.	12.15%	Heritable & Gen. Trust	12.15%
Allied Irish Bank	12.15%	Hill Samuel	12.15%
American Express Br.	12.15%	C. Hoare & Co.	12.15%
Anglo-American	12.15%	Hongkong & Shanghai	12.15%
Henry Anchorage	12.15%	Jones, Marion & Birs.	12.15%
Associates Cap. Corp.	12.15%	Knowsley & Co.	12.15%
Banco de Bilbao	12.15%	Lloyds Bank	12.15%
Bank Haapavesi	12.15%	Edward Manson & Co.	12.15%
Bank Leumi (UK)	12.15%	Meghraj & Sons Ltd.	12.15%
BOCCI	12.15%	Midland Bank	12.15%
Bank of Ireland	12.15%	Morgan Grenfell	12.15%
Bank of Cyprus	12.15%	Mount Credit Corp. Ltd.	12.15%
Bank of India	12.15%	National Bk. of Kuwait	12.15%
Bank of Scotland	12.15%	National Girobank	12.15%
Bank of Singapore Ltd.	12.15%	National Westminster	12.15%
Barclays Bank	12.15%	Newcastle & Newcastle	12.15%
Beneficial Trust Ltd.	12.15%	Norwich Gen. Trust	12.15%
Brit. Bank of Mid. East	12.15%	People's Trust	12.15%
Brown Shipton	12.15%	P.F. Finans, Int'l. (UK)	12.15%
CB Bank Nederland	12.15%	Provincial Trust Ltd.	12.15%
Canada Permanent	12.15%	R. Raphael & Sons	12.15%
Cayzer Ltd.	12.15%	Roxburghe Guarantee	12.15%
Coast Holdings	12.15%	Royal Bank of Scotland	12.15%
Charterhouse Capital	12.15%	Standard Chartered	12.15%
Citibank N.A.	12.15%	TCB	12.15%
Citibank Savings	12.15%	Trustee Savings Bank	12.15%
Clydesdale Bank	12.15%	United Bank of Kuwait	12.15%
C. E. Coates & Co. Ltd.	12.15%	United Mizrahi Bank	12.15%
Co-operative Bank	12.15%	Wingate Pacific Banking Corp.	12.15%
Continental Trust Ltd.	12.15%	Whiteaway Landau Corp.	12.15%
The Cyprus Popular Bk.	12.15%	Yorkshire Bank	12.15%
Duncan Lawrie	12.15%	■ Members of the Accepting Houses Committee.	
E. T. Trust	12.15%	7-day demand 8.70%. 1-month 8.74%. 3-month 8.80%. 6-month 8.85%. 12-month 8.90%. At cash when £10,000+ remains deposited.	
Easier Trust Ltd.	12.15%	First Nat. Fin. Corp.	12.15%
Fidelity Fund Govt. Sec.	12.15%	First Nat. Fin. Sec. Ltd.	12.15%
First Nat. Fin. Corp.	12.15%	Robert Fraser & Ptnrs.	12.15%
Grindlays Bank	12.15%	■ Mortgage base rate.	
Guinness Mahon	12.15%	■ Demand dep. 8%. Mortgage 13%.	

## Glasgow Stockholders revenue up

The dividend at Glasgow Stockholders Trust is being lifted from 2.05p to 2.5p net in respect of the year 1985. The final is 1.45p.

With the help of the £5m debenture raised at end 1984, gross revenue increased from £1.89m to £2.38m. But exchange and interest rates, the cost of servicing the new debenture and switching into the pound, were all higher. American shares all had a bearish and the pre-tax revenue is virtually unchanged at £1.25m. Earnings come to 2.45p (2.32p).

## South African group sells 19% stake in Geevor Tin

SOUTH AFRICA'S Gencor mining finance group has sold its entire holding of 565,000 shares, or 18.8 per cent, in the Cornish tin-producing Geevor Tin Mines. They have been bought by a Mr A. H. Curnian, and although the price paid has not been disclosed it is thought to have been in the region of 50 pence/share.

In London yesterday, the shares closed at 62p, down 2p; they have fallen from 167p in October when the International Tin Agreement crisis erupted and dealings were halted on the London Metal Exchange at £8.10 per tonne. Tin deals remain suspended but speculative price realisations are at around 55p.

The other major shareholder of Geevor is the Rio Tinto-Zinc group with a stake of 19.37 per cent. RTZ also fully owns the Wheal Jane, South Crofty and Wheal Pandarey tin mines in Cornwall.

The tin concentrate output is processed at the group's Copper Pass refinery on Humberside.

GOOD RELATIONS GROUP has acquired Ryan Consulting Group, a New York-based corporate and financial relations consultancy.

## TURKEY MONITOR

A monthly bulletin of business, financial and political developments in Turkey

Write to: PO Box 514, London N15 3LW, Great Britain

## IMPALA PLATINUM HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

Reg. No. 57/01979/06

### INTERIM PROFIT STATEMENT AND DECLARATION OF INTERIM DIVIDEND

The unaudited consolidated results of this company's operations during the six months ended 31 December 1985, are as follows:

	6 months	to	Year to
	31.12.85	31.12.84	30.6.85
Consolidated profit for the period	£101,826	£100,000	£100,000
Less Tax and lease consideration	165,928	91,186	+ 82
Profit for the period after taxation and lease consideration	44,112	40,996	+ 56
	<u>101,826</u>	<u>50,190</u>	<u>+ 103</u>
Earnings per share (cents)	177	87	+ 103
Dividends per share (cents)	35	35	—
	<u>135</u>	<u>135</u>	<u>—</u>

Customer demand for Impala's principal products maintained a rising trend during the half-year and the company proceeded with its programme of increasing production capability by bringing its facilities into better balance. Revenue benefited not only from increased volume but also from higher metal prices. However, a substantial part of the company's output is sold under long term contract where revenue is protected by cost escalations and is not subject to exchange rate fluctuations.

The 103% increase in attributable profit over the comparable period last year reflects both the higher revenues and the absence of forward metal purchase and foreign exchange losses which affected the previous period.

One of Impala's key objectives has been to build a stable, well motivated and increasingly skilled workforce. The higher training levels needed for increased production required additional resources to be carried out over the year but despite this the workforce at the end of 1985 still contained a higher proportion of employees who had been with Impala for a considerable period. It was therefore disappointing that the majority took part in a work stoppage on 1 January and doubly so that organised and often brutal intimidation created a situation in which it proved impossible to resolve the problem using routine procedures. As a result some 23,000 employees either chose to resign or were with reluctance dismissed.

Remaining has now been successfully completed and it has proved possible to re-engage a substantial proportion of those former employees who were coerced into striking against their will. Inevitably, however, there are some initial weaknesses in skills and experience so that production is not expected to be fully back to normal until mid-March at the earliest. Although there has been a serious loss of production, satisfactory arrangements have been made, through the medium of our trading subsidiary Ayrton Metals, to maintain supplies to customers.

The financial impact of the disruption is difficult to quantify with accuracy at this stage but the best estimate is a loss of attributable earnings totalling R45 million, and in the light of this it is unlikely that the results for the full year to 30 June 1986 will be significantly better than for the previous financial year. With the immediate priority being the return to full production, capital expenditure for the year as a whole is likely to be rather less than originally forecast.

## New names for John Govett Investment Trusts

The four investment trust companies in the John Govett & Co. Limited management group have changed their names as follows:

**The Border & Southern Stockholders Trust p.l.c.**  
**GOVETT STRATEGIC INVESTMENT TRUST PLC**

**The Stockholders Investment Trust p.l.c.**  
**GOVETT ATLANTIC INVESTMENT TRUST PLC**

The new names reflect the investment policies of the trusts and identify them more clearly with the management group.

John Govett & Co. Limited are investment managers and advisers with over sixty years' experience of world markets. We are totally independent, investment management is our sole activity and we offer a professional service on a personal basis to investment trust companies, pension funds, unit trusts, charities and other corporate investors. We manage or advise funds totalling in excess of £1 billion.

**John Govett & Co. Limited**  
 Winchester House, 77 London Wall, London EC2N 1DH.  
 Telephone: 01-588 5620. Telex: 8842666.

**Lake View Investment Trust p.l.c.**  
**GOVETT ORIENTAL INVESTMENT TRUST PLC**

**The General Stockholders Investment Trust p.l.c.**  
**GOVETT ENTERPRISE INVESTMENT TRUST PLC**

The new names reflect the investment policies of the trusts and identify them more clearly with the management group.

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## UNITED MIZRAHI BANK LIMITED

Highlights from the audited accounts  
of

THE LONDON BRANCH  
A LICENSED DEPOSIT TAKING INSTITUTION

	1985	1984
	£'000	£'000
Total assets	110,201	133,777
Deposits with banks	27,344	57,511
Loans and Advances	60,882	53,334
Third Party Deposits	82,058	101,231
Profit before Taxation	882	402

Full audited accounts are available upon request at our offices.  
 FINSBURY HOUSE, 23 FINSBURY CIRCUS, LONDON EC2M 7UB. TEL: 01-628 7040. TELEX: 896654/UMB G.

### NOTICE OF REDEMPTION

To the Holders of

## KINGDOM OF SWEDEN

Floating Rate Notes Due March 2024

NOTICE IS HEREBY GIVEN to the holders of the outstanding Floating Rate Notes Due March 2024 of the Kingdom of Sweden that, pursuant to the provisions of the Fiscal Agency Agreement dated as of March 22, 1984 and the Terms and Conditions of the Notes, the Kingdom of Sweden intends to redeem on March 25, 1986 all of its outstanding Notes, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date.

Payments will be made on and after March 25, 1986 against presentation and surrender of Bearers Notes with coupons due September, 1986 and subsequent attached in U.S. Dollars, subject to applicable laws and regulations, either (a) at the office of the Fiscal Agent in New York City, or (b) at the main office of Morgan Guaranty Trust Company of New York in Brussels, Franklin, Main and Marion or Kreidelsbank S.A. Luxembourgische in Luxembourg or Swiss Bank Corporation in Zürich.

Payments at the office of any paying agent outside of the United States will be made by check drawn on, or transfer to a United States dollar account with a bank in the Borough of Manhattan, City and State of New York. Any payment made by transfer to an account maintained by the payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding at a rate of 20% if payee is not recognized as exempt recipient fail to provide the paying agent with an executed IRS Form W-8, certifying under penalties of perjury that the payee is not a United States person or an executed IRS Form W-9, certifying under penalties of perjury the payee's taxpayer identification number (employer identification number or social security number, as appropriate). Those holders who are required to provide their certificate of exemption must file an IRS Form W-8BEN or Form W-9 and who fail to do so may also be subject to a penalty of \$50. Please therefore provide the appropriate certification when presenting your securities for payment. Certificates due March 1986 should be detached and collected in the usual manner.

From and after March 25, 1986 the Notes will no longer be outstanding and interest thereon shall cease to accrue.

**KINGDOM OF SWEDEN**  
 By: Morgan Guaranty Trust Company  
 of NEW YORK, Fiscal Agent

Dated: February 16, 1986

## Westpac Banking Corporation

(Incorporated with limited liability in the State of New South Wales, Australia)

### U.S.\$ 150,000,000 Subordinated Floating Rate Notes Due 1997

In accordance with the terms and conditions of the Notes, notice is hereby given that for the Interest Period from 18th February, 1986 to 18th August, 1986 the Notes will carry an Interest Rate of 5½% per cent. per annum. The Interest Amount payable on the Interest Payment Date which will be 18th August, 1986 is U.S.\$ 41,793 for each Note of U.S.\$ 10,000. The Interest Amount notified on 15th August, 1985 will be U.S.\$ 44,477 for each Note of U.S.\$ 10,000 as the Interest Period has been extended to 18th February, 1986.

**Westpac Banking Corporation**  
 Agent Bank  
 23 Wallbrook  
 London EC4N 8LD

## UK COMPANY NEWS

### Swedish bidder to make £4.2m cash offer for Campari

BY CHARLES BATCHELOR

A SWEDISH businessman, Mr Aake Nordin, is to make a £4.2m cash bid for Campari International, the sports equipment group, after acquiring a 47.8 per cent stake in the company.

Mr Nordin, the director and substantial shareholder of Fjallraven Sports Equipment, a Swedish public company, plans to acquire between 50 and 75 per cent of Campari to allow the British company to retain its Stock Exchange listing.

The bid has been triggered by an agreement between Mr Nordin and Mr Henry Lipton, chairman and joint founder of GOVETT ATLANTIC INVESTMENT TRUST PLC.

This purchase will take Mr Nordin's total stake to 47.8 per cent. The general bid will also be valued at the 45p cash per

share.

Campari made a pre-tax loss of £11.9m in the six months ended May 1985, compared with a profit of £59.000 million internationally.

Mr Nordin said: "I paid a maintained dividend of 45p per share."

Announcing this downturn last October, Mr Lipton said Campari had completed its restructuring and "judging from present trading conditions it appears clear that the group has turned the corner."

He added that he expected the losses incurred in the first half to be made good to a major extent by the end of the financial year.

Mr Nordin had substantial Swedish funds behind him to develop Campari. He had sold his holding because of his age—he is 64—and his son did not want to go into the business.

Campari's shares rose 7p to

### Haslemere criticised by Dutch bidder

By Michael Cassell,  
 Property Correspondent

Rodameco, the Netherlands-based property fund, last night criticised the UK property arm of Haslemere Estates, the UK property group for which it has made a £24.6m bid.

In a circular to Haslemere shareholders, Rodameco claims that, although the UK group's property portfolio is basically sound, it would "benefit from closer management."

As a part of the Robeco group, it adds, Haslemere would benefit from "a fresh sense of direction."

Haslemere, which holds 24 per cent of Haslemere's ordinary shares, says that the earnings per share record of the UK group has been "unimpressive".

Over recent years, pointing out that earnings in the year ending March 1985 were nearly 5 per cent down on the level achieved four years earlier.

Net assets per share had shown a compound annual growth rate of under 5 per cent during the same period and, although Haslemere was

now expected to produce a figure above the last stated 620p, shareholders should remember that the accounts at that date showed a contingent tax liability equivalent to 127p a share. Any later valuation increase could mean an even higher tax liability.

Mr Cornelius van Rijn, chairman of Rodameco, said that the disappointing track record on earnings and assets had been reflected in the company's share price performance. The 600p a share offer was "generous" and "very

fair."

Mr David Pickford, chairman of Haslemere, retorted:

"It is a futile bid and totally fails to reflect the value of shareholders' assets."

### COMPANY NEWS IN BRIEF

**CENTRAL & SHEERWOOD** is to sell its interest in certain subsidiaries of White-Young and Partners (WYPL) for £451,000 cash. The purchaser is White Young Consulting Group, a new holding company in which the management and certain other employees of WYPL and the disposal companies, together hold 84.3 per cent of the equity.

**HEWDEN-STUART PLANT** has acquired Powertech Plant Services and its subsidiary, Powertech (Scotland) for £1.4m, payable in 12 monthly instalments. A further sum up to £0.5m will be paid dependent upon Powertech's profits for the year ended January 31 1986.

**TEMPLE BAR** Investment Trust has lifted its earnings from 4.91p to 5.93p and is raising its dividend from 4.65p to 5.3p net, with a final of 3.3p, for 1985. Net asset value was up from 136.82p to 169.55p after prior charges at par, and from 137.1p to 170.28p after the final charge at market value. Group pre-tax profit of £4.76m (£4.1m) included franked investment income £4.24m (£3.56m) and subsidiaries earned

company's own resources. The remaining net assets of £1.1m are being retained by Pegler Clark's main products are small to medium sized desalination plants of both reverse osmosis and heat using types.

**DALGETY'S** US subsidiary, PIC Improvement Company (PIC), has acquired a leading pig breeding company, Klein Leon, a subsidiary of Raison Public. Klein Leon has 91.0m sows and 1.3m pigs (1.1m sows). Also, PIC has reached agreement for its first joint venture in China. PIC will own 50 per cent and the balance will be held by a partnership, Guang Sand Pao, in which the Guang Dong provincial government will have a 50 per cent share.

**TERN GROUP** of shirts, ties and kniwear makers has passed its dividend due December 31 last on the 9 per cent convertible cumulative redeemable preference shares. In the half year ended June 30 1985 the group incurred a loss of £229,000 and warned of further losses over the year. A rationalisation programme was under way.

**MIDLAND MARTS** Group has acquired Banbury-based chartered surveyor Brown and Mumford for a total £117,143, payable as to £51,143 on completion and the balance deferred for one year subject to a specified profit target.

**PROTIMETER**, designer and manufacturer of moisture measuring instruments, reports pre-tax profits up from £204,000 to £279,000 in the six months to December 31 1985. The directors say some of the profits increase was due to the wet weather in the UK which resulted in increased sales of grain-drying equipment to farmers. The board is confident that further satisfactory results will be achieved in the second half.

Turnover in the opening half was up from £830,000 to £908,000. An interim dividend of 6.5p (all) will be paid. Earnings per share of this USM company improved from 1.5p to 2.25p.

**ALFRED WALKER**, Birmingham-based property developer, incurred a loss of £114,000 in the half-year to October 31 1985, compared with a profit of £1,000 in the corresponding period last year. Turnover was lower by 22% to £297,000 (£470,000). The fall was after interest, while directors' and auditors' remuneration and depreciation of £56,000 (£61,000). There was an extraordinary debit this time of £54,000. Stated loss per 10p share was 6.5p (earnings 0.1p).

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### CONTRACTS

### Danes buy British diving systems

**OFFSHORE MARINE ENGINEERING** incorporating Aquatics Logistics Aldridge, West Midlands, has won a contract worth more than £10m for two deep-sea diving systems. The order was placed by the Danish shipyard Danneborg Vessel AS. The diving systems will be installed in diving support vessels for delivery in 1987.

Each diving system will consist of three interlinked decompression chambers capable of supporting 16 men under pressure equivalent to 450 metres of seawater, for periods of up to 15 minutes at a time. The system includes two diving chambers with heavy compensation systems. Both bells can be launched, operated in depths up to 450 metres (1,500 ft) and recovered independently or simultaneously. The diving bells will be built through two parallel hulls which will allow diving operations in a range of sea conditions.

In an emergency, the divers can be evacuated, under pressure in a Phoenix hyperbaric life boat. This is a totally enclosed vessel, with an internal decompression chamber, controlled by a pressurised tank. The Phoenix contains life support equipment, including habitat control, communications, and breathing gases, to support the divers under pressure for up to five days. The OMB/AQUA Phoenix can withstand fire, water, impact, drop and seismic events.

**PLELO**



## Electronics in Printing 2

# A major growth area

### Corporate electronic publishing

RAYMOND SNOODY

**CORPORATE** electronic publishing (CEPS), the in-house production of everything from internal policy documents to maintenance manuals and formal proposals, is showing signs of dramatic growth.

As many as 16,000 companies in the UK are estimated to have some form of in-house printing capacity. For example, Boots, the pharmacy and retail group claim to have the largest in-house printing plant in Europe—a printing plant which employs 480 people and which provides a high proportion of the company's print needs.

But while rapidly changing is the case, the relatively low cost at which companies can install their own integrated electronic publishing systems and so avoiding the need to automatically send out work to commercial printers.

The falling cost of computing power and the speed of technological change has blurred the boundaries between copying and printing. And indeed many of the leaders in the emerging market of corporate electronic publishing, such as Rank Xerox and Kodak, are noted for their expertise in copying and repro-

duction.

Mr Bob Boehmer, general manager for electronic publishing at Xerox Corporation claims: "Corporate electronic publishing is one of the most important growth markets in the world today. The corporate publishing market meets the classic definition of a growth market: a market which offers increasing value to customers as the cycle of an office-based document."

Personal or mini-computers working together with software which enables text and graphics to be inputted directly onto paper and printed by laser are proving to be a powerful combination.

Some estimates of the corporate electronic publishing market in the US put it as high as \$3bn by the end of April.

In Britain the sector may be about to take off as a whole collection of new electronic publishing products come to the market.

Kodak has just launched its first product in the area, keeps, the Kodak Ektaprint Electronic Publishing System, which will go on sale in the UK in April.

The system, based on a DEC 32-bit mini-computer, costs about £30,000 and is aimed at the middle of the market. Keeps integrates word processing, personal computing and printing and Kodak hopes it will be used for everything from the production of newsletters to legal, financial and insurance documents and scientific and government reports.

Launched with the system is

a high resolution scanning device capable of turning paper-based images into digital form and transferring them to the keeps workstation where they can be sized and edited.

Mr George Briggs, Kodak manager for electronic printing and publishing says: "This is a logical step for us. We already understand totally the life cycle of an office-based document."

Mr Briggs emphasised that keeps was Kodak's first product offering in the area but that the group intends to extend its presence to both the lower and upper reaches of the market.

Mr Keith Howard, marketing manager of Gestetner, which has just launched a new desk-top electronic publishing system, concedes that the market is a new one but he believes it will prove to be dynamic.

#### Advantages

In-house publishing gives companies greater control and flexibility with minimum cost being carried out in the sequence that best suits the company's needs, points out Mr Gestetner.

There is also increasing emphasis within organisations that even documents intended only for internal use should look good and be easy to assimilate. Gestetner already supplies a wide range of reprographic processes, offset printers and copiers and the new system is intended to enhance and complete the range.

The desk-top system, which uses an Apple Macintosh per-

sonal computer and a laser writer, will sell for about £15,000. The use of an offset printer would take the cost to £15,000-£20,000.

Professional looking documents can be produced by relatively inexperienced staff—"if you have got someone who is a competent typist, you are home and dry," says Mr Howard.

There does not, however, seem to be a single solution to every company's documentation needs. Copying, instead of printing, is still adequate for many short-run publications according to a new study, small offset printers can also compete very favourably with the latest laser printing technology.

The study by the Printing Industries Research Association (PIRA) shows that the economics of short-run print production are complex.

"Different production methods can easily vary by factors of five, and sometimes 10, in the cost/copy for a given product. In one case a laser printer is shown to be the most economic printing method up to around 700 copies; in another case, perhaps only 100 copies," the PIRA study argues.

The European market for mainframe electronic publishing systems alone is expected to grow to \$100m a year by 1991, Rank Xerox believes.

Rank Xerox is about to launch a personal publishing system costing about £17,000 and three new integrated publishing systems based on DEC VAX computers ranging in price from \$50,000 to \$260,000 will be introduced to the UK market over the next two years.

Mr Alan Higson, Rank Xerox marketing manager, believes that staff learn better when documents are printed to a high quality.

"PIRA multi-client study on short-run publications is available to members of PIRA only.



Gestetner's managing director, Mr Roger Aunett; his company has launched a Gestetner desktop publishing system, which uses the Apple Macintosh computer.

£300,000 for systems run by mainframe computers.

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# Remorseless impact of digital technology

### Reprographics

KEVIN TOWNSEND

THE MOST significant single trend within office equipment during the latter half of the 20th century has been the remorseless movement from analogue to digital technology. This now applies as much to reprographics as it does to telex, telephone or the computer.

Consider the quintessential reprographic tools—the copier and the camera. Both effectively rely on the analogue waveforms of light to transfer an image from the source to a recording medium; and both have been, in one form or another, the backbone of the reprographics industry for many years. But they each suffer from one particular drawback: the reproduced graphical image cannot be edited.

The only alterations that are

possible are those that obey the physical laws of light waves.

Images may be enlarged or

reduced by the use of mirrors

and lenses, and whole areas

can be delegated by masking.

But the only editing that is

possible with traditional film

or photographic images is via

the use of scissors and glue—that is, collage.

Collage techniques have now

reached an advanced stage.

The Romeo Alcatel 215 copy-

editing system will allow the

operator to use an electronic

pencil to "trim, box, delete or

centre an image."

But now consider the basis

of digital technology. A picture

can be stored in the digital

memory of a computer as a

long series of instructions that

define the precise position of

thousands of dots. When placed

"framework", these dots will

together within a defined

form a coherent image (remember the pointillist painters).

Furthermore, if the image

can be stored in a computer

memory, then computer tech-

niques can be used to edit that

"image".

"Once you have electronic

data, there is the opportunity

to process, store, archive and

transmit the data by telephone,

digital network, and even satel-

lite," says Patrick Mitchell of

PA Technology. This is the

great advantage of digital tech-

nology, and why it will replace

analogue technology.

The ability to store and edit

a digital image has been avail-

able for many years. The real

problem, however, is in getting

the image into the computer

memory fast enough, and in re-

producing the edited image in a

### ANOTHER PUBLISHING RECORD

• The number of books published in the UK has again hit a record level. In 1985, "The Bookseller" recorded an issued total of 53,994 titles (against 51,555 in 1984). The largest total was made up of 41,254 new titles—2.5 per cent increase on the previous year.

• Britain's leading publishers include:

Pearson Longman includes Penguin, Viking, Michael Joseph, Hamish Hamilton, Sphere Longman, and Pitman.

Market share: 18%.

Oxford University Press, Market share: 8%.

Otley/Bell & Hyman includes Brimax and Secker & Warburg.

Market share: 6%.

Associated Book Publishers includes Methuen, Magnet, Routledge Kegan Paul, Eyre & Spottiswoode, Sweet & Maxwell.

Market share: 6%.

Macmillan, Market share: 6%.

Reed includes Hamlyn, Butterworth, Market share: 5%.

Source: The Bookseller, Publishers' Association.

• Gestetner is one company

that is seen as having

adapted to industry elsewhere

in this survey. Long known as

a leading reprographics com-

pany, Gestetner has adopted

Apple's Macintosh-based Desk-

Top Publishing system and inte-

grated it into its own repro-

graphics products.

Ultimately, the winners in

this sector will be those man-

ufacturers who have a stake in

both computing and copying—

and most of these are Japanese.

Already, the copying "engine"

at the heart of most Western

desk-top laser printers use

Japanese products: Hewlett-

Packard and Apple have

selected the Canon printer,

while Digital Equipment Cor-

poration has chosen a Ricoh

printer.

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## Electronics in Printing 3

## Traditional boundaries disappear

## Business documentation

Boris Sedacca

**ELECTRONIC PRE-PRESS**, the application of computer technology to text, images and graphics, is spreading beyond the traditional boundaries of the commercial printing and typesetting markets towards corporate electronic publishing systems (CEPS).

At the simplest level, software is available which allows standard personal computers to be used as typesetting keyboards, allowing the user to input data in a number of modes and output documents in varying forms, from laser-printed pages through to camera-ready "repro" work.

In the US alone, industry sources estimate that the market for electronic publishing will exceed \$10bn by 1990.

Corporate technical manuals and product catalogues has always been a lengthy process, and once a manual has been published it is often too consuming and costly to update individual sections regularly. With electronic publishing systems, technical information for a company's product manual including line drawings and specifications can be produced and easily updated either section by section or as a whole. Specific parts of a catalogue can even be tailored to different marketing regions or dealer groups.

## Break through

Perhaps the most significant breakthrough - apart from the constant improvement in quality of high resolution graphics images being created on screens - is the decompling of the "photocopy" printing mechanism from optically-generated imaging. Images may be generated by digitally-controlled, low-energy lasers instead. One problem, according to Paul Smith, managing director of Electronic Printing Systems, is that, if every laser printer has its own command language, "with no industry standard, then it means that everyone's software is going to be different."

"The manufacturers want to tie users to their own products," he suggests. "Examples include IBM's language, Hewlett Packard's PCL, PostScript, written and compiled by Adobe in the US, a language which has been

they persuaded Linotype, a subsidiary of the US Allied Corporation, to market it under the name of the API.

This is now probably the most widely used typesetting terminal, and it was the use of mass-produced circuit boards and hardware from Apple which made it infinitely cheaper to produce than specially-built keyboards.

Since then, there have been a host of other micro-based typesetting input terminals, largely designed to run on IBM PC compatibles and, for many uses, they have largely replaced the typesetter manufacturers' own terminals.

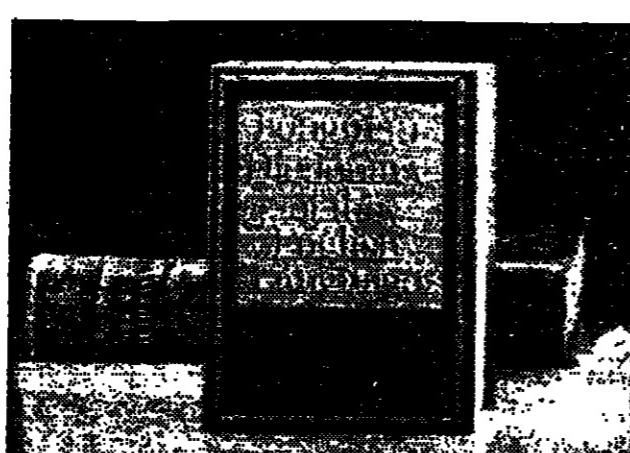
Initially, such systems as the API, the Typewright and TypeCount (now sold by Howsons VERA, a subsidiary of Vickers) were no more than a cheaper way of doing exactly the same work as the conventional terminals, and operators still had to enter all the complicated typesetting codes on the screen. However, as all these systems were based on micros, more and more use was made of the basic processing power available, so that corrections and other editing tasks could be carried out as easily as on a word processor.

## Software

With the advent of micros such as Apple's Lisa, followed by their Macintosh, several vendors have produced easy-to-use software which allows the user to see the page made up in columns on the screen in the correct typeface, before outputting by a special link to a desktop laser printer or even to a high quality photo-typesetter.

It is the advent of the "intelligent" micro-based system that has made possible taking the typesetting operation in-house for large users of type, as their operators now only need a limited training and, in the case of the latest WYSIWYG (What You See Is What You Get) screens, mistakes made by the operator were spotted sooner, and tiny coding errors could be corrected before they were committed to expensive phototypesetting film or paper.

Corporate decisions on the subject are taken for a number



Contrasts in book production: the famous two-volume "Dr Johnson's Dictionary," published by Longman in 1755, which took Johnson and his six assistants more than eight years to prepare, seen here behind Longman's major new dictionary of the English language. The 1,876-page volume was prepared with far greater speed and accuracy with the use of advanced lexicographical computer processing.

in Yugoslavia for a \$2.14m system for use in technical publications design and production.

Intergraph involved in and supporting the Xerox Corporation's Interpress page description language for a common electronic printing standard for computerised Xerox has, in fact, standardised Intergraph CAD/CAM systems for all of its engineering design and manufacturing work.

Last April, Apollo Computer announced an OEM agreement with a Massachusetts-based company, Interleaf, to integrate Apollo's Domain workstations with Interleaf's Workstation Publishing Software.

Mr David Howes, managing director of Apollo Computers (UK) suggests that "technical publishing is one of the fastest-growing markets for technical professionals. Analysts estimate it will grow over 500 per cent this year alone."

In the UK there are perhaps 500,000 companies which have a printing requirement, but as yet only 12,000 of these companies are served by their own in-house printing department, according to Mr David Scott, general manager of AM Multigraphics of Hemel Hempstead.

A retrofit kit has also been developed by Kodak Copiers enabling existing Electronic Publishing Systems to have their units modified to produce Acuity Colour. Once the colour cartridge has been fitted, the user operates the copier in exactly the same way as he would when making black and white copies.

Intergraph, a leading supplier computer aided design and manufacturing (CAD/CAM) equipment recognised the importance of technical documentation publishing some two or three years ago.

Intergraph has installed dedicated "technical publishing systems" in such companies as Texas Instruments, Rockwell International, Hughes Aircraft, Ford Aerospace and Illinois Bell.

The company has received two substantial European orders, one from Technical in France, a manufacturer of aluminium frame windows and one from the Ard of May Shipyard in the UK.

MIKE WILSHIRE

Simon and Coates' printing volume has increased to around 200,000 sheets a month of which 175,000 are collated, folded and stitched on the offset litho equipment.

Grieveson Grant are also among city stockbrokers who have installed advanced typesetting equipment. They have an eight-terminal front-end system from Interset Computing Systems of Frome, Somerset.

Reliability is a key factor and in the year since installations of the system it has proved "more than a match for the intense 9.30 am to 7.30 pm typical day and for all-night sessions where financial reports must be on the desks of between 400 and 2,000 institutional investors the following morning," says the firm, which is now buying a further \$30,000 worth of additional computing capacity.

BORIS SEDACCA

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BORIS SEDACCA

## More micro systems launched

## Typesetting and word processing

Colin Cohen

THE PRINTING industry is all pervasive. Every town will have its quota of printers ranging, in some instances, from the industrial giants who print magazines down to the high street instant printer. Yet, despite being so widely distributed, the industry is rarely in the news unless there is a dispute in Fleet Street. Thus, few people brought up on a diet of Fleet Street disputes, would guess just how different the attitude has been in the majority of the industry when faced with new technologies compared to Fleet Street.

The most obvious difference is that Fleet Street's hot metal typesetting - once smelly and slow - has been relegated to minimum status in the world of general printing. While it is true that a degree of union resistance to new technology has meant that much more typesetting is now done by specialised houses, this would almost certainly have happened anyway as the introduction of electronics to typesetting in the seventies made it possible to start up small, low-overhead, operations.

Long before microcomputers became a common sight on office desks, typesetters were using specially-built keyboards to punch paper tape with the codes for the extended character sets needed.

Correcting or merging this information was difficult with the early minicomputers, and although large typesetting systems are still largely based on minis from American companies such as Digital Equipment and Data General, the software is often largely British, as are the majority of systems based on minis.

Such micro-based systems first became practical when a small Brighton company called Ocean Electronics realised the potential of the Apple micro. After making a number of installations in their own right

and converting the text to an italic format, but at a higher level it can result in the most complicated typographic structures.

While many large in-plant typesetting departments utilise perfectly standard typesetting codes, it is often the case that at home in a large magazine house this is often because the volume of work takes their requirements well outside the scope of even powerful micros.

For a good many users there is simply no perceived need to invest in a typesetting system of any kind. They are the companies which already have a word processing system of their own and have steered a path through the maze of communications to get their word processor data typeset with no or only minimal rekeying by the typesetter.

Given that both typesetters and word processing keyboards use an essentially similar technology, it would not seem too difficult to transfer electronic data from one to another. The fact that this is now done on a regular basis and in large volumes should not disguise the essential difficulty of such an operation when it is done for the first time.

These difficulties are to do with disk formats, the different ways used by word processors and typesetters to structure their data electronically and the considerably larger number of codes needed by a typesetter to produce the typically complicated layouts in a variety of different type styles and sizes.

For every size of disk there is an almost limitless number of formats, so a breed of machines designed to convert disks from one format to another, called MultiDisk Readers (MDRs), has sprung up.

Three of these MDRs - the British InterMedia, and the American Altertext and Shaftesbury - have special software which, as well as reading a customer's disk in one format and writing a new one to match the typesetter, will also preserve or convert to a new structure any commands that an operator has put into the text.

At its simplest, this involves finding an underscore symbol

## New print exhibitions planned

ONE MEASURE of the growing importance of corporate electronic publishing systems is the number of exhibitions covering the subject.

Last November, Online International staged an exhibition and conference called "Electronic Publishing" at the Wembley Conference Centre in London, and plans for the 1986 event (September 2-3) are now well under way.

According to Judith Traford, promotion manager for Online, this year's "event" will be pre-press, desktop and corporate publishing.

Pre-Cepta '86, the Pre-Press and Corporate Electronics Publishing Show, will be held at the Barbican Centre in London from November 26 to 28 this year. The organisers, Industrial and Trade Fairs, are arranging a conference on stationery printing.

Key industry figures from Europe and the US are being invited to give papers on a range of topics, examples of which will include linking electronic pre-press and corporate publishing to on-line users and database.

Another new exhibition providing evidence of the convergence of the printing and information technology industries is in-plant departments, the ultimate measure of any system such as typesetters is the quality of output. All Variotypers' Comp/Edit digital phototypesetting systems, for example, now include a previewer option, so that users can see on screen exactly what they are setting in the same size position and type-style. Bold type, italics and even on-line styles are simultaneously displayed on the CRT screen.

The new event, Electronic Pre-Press '86, will focus attention on the expanding market for in-house electronic printing and publishing and will run concurrently with Info 86 at the same venue - Olympia - from March 24 to 27 1986.

Visitors to EEP '86 will see how the latest electronic page make-up, text-handling and digital imaging technology offers big savings in time and cost, compared to conventional methods of production.

Other new events this year include Printex '86, an exhibition and conference of computer-based management information systems for the printing industry (March 12-13), organised at London's Hotel Russell by the British Printing Industries Federation.

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\* \* \*

Colin Cohen has edited "The Interface Directory," a guide to interfacing typesetting and non-typesetting equipment, to be published shortly by Pira.

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## HEAD OFFICE

## Electronics in Printing 4

# Technology brings union upheavals

### Labour relations

COLIN COHEN

ANY DISCUSSION of labour relations in the printing industry in Britain is inevitably dominated by considerations of Fleet Street, where they vary from bad to very bad. While it is equally inevitable that, at present, Fleet Street should again dominate the news, it would not be reasonable to ignore a much wider industry which employs some 500,000 people in Britain, the majority of whom are members of one of the two main printing unions, NCA 82 and Sagat 82, so named from the year in which the unions were both restructured, following complete mergers.

The best figures available for disputes within the printing industry also include those for paper-making (a Sagat area) and publishing (a mix of printing and non-printing unions, but non-union in many areas), so ironically it has not been possible to isolate Fleet Street from the rest of printing.

#### Disputes

What the figures show is that last year an average of one hour and three minutes per man per year was lost through disputes, compared to an average for all industries of two hours and 22 minutes. While the figures are influenced by including non-unionised publishing, the fact that only 13,400 workers were involved in these statistics show just how little inclination there is today for disputes outside Fleet Street.

At the risk of painting too rosy a picture of the labour scene, one may simply add that in 1983, after the demise of the industry's Training Board, the British Printing Industries Federation (BPIF), whose writ does not run in Fleet Street, set up a joint training structure with the NGA to replace the craft, fixed-time, apprenticeship structure.

Last year the agreement was extended to Sagat—whose members were, in general, not covered by apprenticeship arrangements. Not only was

printing the first industry to make such a move, but a key element in the scheme was to include in-career re-training.

As indicated elsewhere in this survey, new technology abounds in the world of general printing. While this has sometimes been implemented behind national union offices' backs, and naming names still is a little less feasible than on the European Continent, wages in general print are still low enough for the BPIF to have been able to tell the unions in the first round of the annual wage bout this month that their proposals, which would raise the national minimum to £100, could not be met.

While it may now be hard to find printers earning less than £100, there are certainly those outside London who do not earn a great deal more, and many who would be happier to take home a week what some Fleet Street workers seem to take in a night. So why is Fleet Street so different, and how has the whole shambles lasted so long?

Perhaps the first taste that printers ever had of a "Murdock style" came as far back as 1914 when *The Times* became the first paper to be printed by the first ever steam press. The then-owner, John Walter II set up an alternative press room and, on completion of the printing, is reported to have walked into *The Times* and announced to his workers: "Gentlemen, *The Times* is printed." (Try it with a Murdoch accent.)

The NGA—and its predecessor, the Typographical Association—has had to come with the introduction of new technology, before—even the managers—will be celebrating its centenary this year. They often had to negotiate with employers whose style they found unattractive, and rarely had to confront as many technical changes as today, combined with rising unemployment, but it would seem that the Association's attitude was more open to change in the past than it is today.

In *The Typographical Association, Origins and History up to 1949* (Oxford University Press, 1954) its author, A. E. Musson, wrote: "In 1849, when the PTA (Provincial Typographical Association) was

#### Resistance

Quite apart from chronic over-manning, the Fleet Street unions have long blocked technological change. Just two examples: it was in 1934 that *The Scotsman* introduced remote control of typesetters to the UK, yet last year it was still possible to run an operation with three operators, were required to set the same copy in London and Manchester, rather than just one.

In another case, facsimile page transmission was developed in England by Muirhead Data Communications for *The Guardian* in 1955, but no British national newspaper used such a



system until *The Financial Times* started up in Frankfurt in January 1979.

Then, last year, a Sagat delegation went to the US—and were appalled by the sight of so much new technology. The report they published was bleak, and seemed ill-prepared. However, it contained a very long report from The Washington Post on its own dispute with the NGA. The union had struck, but the newspaper made alternative printing arrangements and eventually came back with new technology and no union. In publishing the article for its members, Sagat's leaders seemed to be saying "do not take on a company if we can't beat them." Every Sagat member was sent a copy.

Bound by the new industrial relations law in their dispute with Mr Rupert Murdoch's News International Group, both the NGA and Sagat held Fleet Street ballots, and were left with no room for negotiation. Some observers believe that when Brenda Dean said that it would be "the most damaging dispute that the UK has seen for a long time, including the miners," she meant damaging to a union.

Neither union is likely to recover in full its position in Fleet Street. (Even if Mr. Shah goes to the wall, the "Shah effect" is now unstoppable). Meanwhile, the NGA is left paying £50 per week benefit for six months to its ex-newspaper members, on top of its already crippling unemployment costs. Both unions will also have massive legal bills to meet.

Some observers may feel that the ultimate irony must be that while the unions were watching out for Fleet Street's highwaymen in the form of employers, they were in collusion with "friends" in the EPTPI. Readers with longer memories may recall that a quarter century ago it was these same electricians who were forever stopping production by refusing to switch on power, while the print unions would not have dreamed of doing it for them.

# Tough target for researchers

### Integrating text and graphics

COLIN COHEN

THE INTEGRATION OF text and graphics has become a target for both systems manufacturers and users within the printing industry and has, over the last decade, consumed enormous resources. There is every logic behind the wish for it to happen, but the problem is how to prove very difficult to solve, firstly in technical terms and secondly on a realistic cost basis.

Readers who are used to using micros with graphics capabilities and then printing the results out on a desk-top laser printer may wonder what all the fuss is about, so it is worth pointing out that while it is not so difficult, almost all laser printers now have a resolution of 300 lines per inch, which means that when any text or graphics is printed out it has first to be built up on a "page map" dot-by-dot. A micro-based system can cope with the problem as only 90,000 bits of data are needed per square inch of paper.

In the printing industry, the British-designed and built Monotype Lasercomp has become a world-standard output device when it comes to combining single-colour text and graphics at a resolution of 1,000 lines per inch, or 1,000,000 bits per square inch.

But, even at this resolution, many people consider that it is only possible to produce in different newspaper-quality photos, and that for decent quality photos, magazine work something like 2,500 dots per inch (6.25 dots/sq in) are needed:

to do it in colour more or less quadruples the amount of information and the problems involved in handling it on a computer.

At the lower end of the scale the standard has been set by Apple's Macintosh, running a \$500 programme from the US Aldus Corporation called Page-Maker. On a small scale it incorporates all the features of the larger graphic arts systems such as Atex that have started to go into Fleet Street (and Wapping), which is hardly surprising as it is now staffed by many ex-Atex people.

As the Macintosh supports a relatively standard page mapping language called PostScript, the pages can be sent to a high-resolution typesetter but without the ability to manipulate high-resolution graphics. One solution is to go to Apple's A3-sized Laser Writer (a version of a Japanese Canon laser printer), but more recently it has been shown driving a 26-copies-per minute A3 printer from the US Dataproducts and printing on both sides of the sheet.

Such a program can be run on a Mac as long as it has a second drive, and is ideal for producing very business-like publications which most people will think came from a professional typesetting system.

Companies such as Atex also manufacture versions of their systems for corporate use, but prices for systems that are based on the larger Digital Equipment minicomputers are of a quite different order, being similar to their rivals such as the British Miles 38 or Penita Corporation.

Meanwhile, the mainstream printing industry will provide the market place for companies such as De La Rue's Crosfield Electronics (now on their seventh Queen's Award), the German Hell, or Israeli Scitex—with the Japanese, for once, being last in this electronics market place in the form of Daimpion Screen.

Finally, there is an intermediary system, which will not cost the £500,000 typical of a small Crosfield design and production system, versions of which are now used to design and produce both Time and Newsweek magazines. It has been pioneered with great success for TV news programmes worldwide by another British company called Quantel. This allows designers to input graphics and "paint" electronically and animate their work, before outputting the result as 32mm transparency.

While the system was primarily designed for TV use or for business graphics, recent enhancement have made it possible to use these 32mm transparencies for an entire A4 printed page. Many of the companies operating in this complex sector will be exhibiting at the first Electronic Pre-Press exhibition to be held at London's Olympia from March 24-27.

# New horizons in publishing

### Multi-media developments

BORIS SEDACCA

The largest customer is Shearson Lehman/American Express with 540 workstations, a project which was completed towards the end of last year.

Control Data has been marketing the system internationally over the last 12 months, according to Chris Manderson, international director for Control Data's financial information services division.

"There are now over 100 Micrognosis installations worldwide, including some here in London, and in Germany, Switzerland and Tokyo. We are also planning to announce shortly additional installations in Italy, Australia, Hong Kong and Singapore," he says.

The Union Bank of Switzerland is installing the system at nine locations throughout Switzerland and in New York, including separate sites for UBS Securities in New York and here in London. Other large customers include Commerzbank in Frankfurt, Dusseldorf and Hamburg.

World Exporter is a business intelligence service to help organisations trading overseas identify new opportunities and assess associated risk and financial implications. As well as business media sources, it includes databases from The British Overseas Trade Board, Plans and Projects Monitor, Euromoney and Sales Leads International.

Datasolve has helped a wide range of organisations develop and maintain online information services, including both private services to meet in-house needs as well as public services for publishers expanding into online markets. Clients include Longmans, Websters, British Petroleum, British Steel, the Consumer's Association, Minsel, WS Atkins, Cramond Institute of Technology and Whitehall Press.

ABC Travel Guides, a leading publisher of travel related information, is part of Reed Telepublishing formed in January 1984, to spearhead Reed International's move into electronic publishing. The company is a major publisher of printed material, from British Rail guides to airline timetables. In 1984, ABC launched its Electronic range of products for the travel trade with a com-

puter-based version of its best selling World Airways Guide. This is delivered to the subscriber by Prestel, or by the private Travicom computer network.

The majority of travel agents already use one or other of these networks to access airline and tour operator information. The ABC product allows them to look up air schedules and fares on the same terminal.

A year ago, the company installed a large IBM 3083 mainframe computer to support this development. The software for this system was developed specifically for ABC by another Reed company, International Computerprint Corporation (ICC) of Port Washington in the US. ICC has wide experience in computer-based publishing and has recently been awarded a contract to computerise the Oxford English Dictionary.

### FT SURVEY

#### Electronic Financial Services

THE SPREAD of financial information via the desktop computer terminal continues to increase as new services and data bases come on stream.

A growth rate of around 30 per cent a year seems likely to continue, encouraged by technological advances and by the spread of teletext and videotext.

On Tuesday, March 4, a Financial Times survey on Electronic Financial Services will highlight the main growth areas in Europe, the US and Japan.

Writers will also examine the areas of credit-checking on corporate and personal levels, full text on-line services, as well as advances in technology and the prospects for such services as teletext and Prestel.

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## COMMODITIES AND AGRICULTURE

### Caribbean banana growers bid for quality

By CANUTE JAMES in Kingston

CARIBBEAN BANANA exporters, who have traditionally supplied most of Britain's needs of just over 300,000 tonnes per year, are seeing some positive results to their efforts to improve the quality and quantity of their fruits, and to reach the levels of the late 1970s.

The results, however, have not been uniform. While producers in the Windward Islands have been managing a steady increase in exports, Jamaica's output continues to lag. The Jamaican industry says it has been warned by the British Government that it could lose its UK market.

The Windward Islands exporters — St Lucia, St Vincent, Dominica and Grenada — on preliminary estimates last year shipped over 150,000 tonnes of bananas to Britain. This past year the growth over the past two years of exports of 156,678 tonnes in 1982 were 16 per cent up on 1981.

A series of hurricanes in 1978 destroyed banana farms on the islands and led to a fall in shipments. Despite having re-established their position as the single largest source of bananas imported by Britain, the Windwards have seen their earnings affected by the fall in the value of sterling against the dollar, to which the local currency, the Eastern Caribbean Dollar, is tied.

"The fall in sterling's value has meant a severe loss of income for Windward Islands farmers," said an official of the Windward Islands Banana Growers Association (Wibana). "We have, however, managed to defend the economic damage through the increase in production and shipments."

The Association has been viewing the effect on its British market of increasing shipments of Central and South American bananas to Europe. The official said the situation was being watched "carefully", but that the Windwards were not depressed as they were holding their own against the competition.

Having increased exports the second front of the battle is against poor quality fruit. Dollar area bananas have traditionally had the edge in quality on Caribbean fruit. The Caribbean has always been wary of a negative reaction from British consumers.

Wibana has managed to improve fruit quality through an extension of "sealed packing" in which the fruit is prepared for shipment in the field, reducing the level of handling.

The industry, however, still needs money to improve quality and quantity. There is need, the Association said, for improved roads to farms.

The greatest threat is from a range of diseases including monkey pox and black sigatoka. Plans are being made for a regional aerial spraying facility, and efforts are afoot to deal with seriously affected farms in Grenada.

The Jamaican industry claims it has the quality problem licked. "We have satisfactorily met the quality standards laid down by the British Government," said Mr Bobby Pottinger, chairman of the All-Island Banana Growers' Association.

Jamaican bananas are now in demand. Our quality and presentation on the British market are equal to any bananas from any part of the world. At our last meeting in London in July, we were congratulated by the UK Ministry of Agriculture for having fulfilled our undertaking to supply top quality bananas."

Mr Pottinger reported that Jamaican bananas were fetching between £520 and £590 a tonne.

The Jamaican industry is wishing, however, that as much could be said for quantity. Shipments from Jamaica to Britain averaged 70,000 tonnes per year in the late 1970s. Hurricane Allen in the summer of 1980 destroyed 80 per cent of the island's farms and exports have slipped to 11,000 tonnes in 1981, and struggled to 12,793 tonnes last year.

"The island has an assured annual British market for 150,000 tonnes which could go up to 200,000 tonnes," said Mr Pottinger. "We have been warned more than once that the British Government will not keep the market open indefinitely without a significant improvement in the export tonnage."

He said that Jamaica should ship to Britain between 35,000 and 40,000 tonnes this year, most of this from three large modern farms recently established on the island.

Efforts at recovery after the 1980 hurricane have been affected by structural changes in the Jamaican industry. The island's Government has divested its interest in the industry and closed the state-owned Banana Company of Jamaica.

It has handed the industry over to the growers, who have established a new agency, the Banana Exporters' Company. Jamaica has 5,500 acres under bananas which is inadequate to meet the island's quota, said Mr Pottinger. While it was involved in the industry the Government supported farmers with all their inputs. Farmers have not adjusted to finding production but, if they wish to stay in business, by cutting

### Brazil's new coffee chief

By RICHARD FOSTER IN BRASILIA

MR PAULO GRACIANO, an executive with an instant coffee manufacturer, was named yesterday as president of the Brazilian Coffee Institute today, replacing Mr Carlos Alberto Leite Barbosa. Mr Barbosa, a career diplomat who took the job early last year when former Volvo executive Mr Karlor Rischbieter resigned over a policy dispute, stepped down last week as part of a February 14 cabinet reshuffle ordered by President Joao Sartori.

Mr Graciano takes over the government coffee body as the government coffee body has been accused of irregularities in November and December of last year

alleged to have resulted in a loss of \$300m in export revenues. Mr Graciano said he will take on the charges after taking office.

Press reports neither confirmed nor denied by the IBC said it has been warned by the British Government that it could lose its UK market.

The Windward Islands exporters — St Lucia, St Vincent, Dominica and Grenada — on preliminary estimates last year shipped over 150,000 tonnes of bananas to Britain. This past year the growth over the past two years of exports of 156,678 tonnes in 1982 were 16 per cent up on 1981.

A series of hurricanes in 1978 destroyed banana farms on the islands and led to a fall in shipments. Despite having re-established their position as the single largest source of bananas imported by Britain, the Windwards have seen their earnings affected by the fall in the value of sterling against the dollar, to which the local currency, the Eastern Caribbean Dollar, is tied.

The fall in sterling's value has meant a severe loss of income for Windward Islands farmers," said an official of the Windward Islands Banana Growers Association (Wibana). "We have, however, managed to defend the economic damage through the increase in production and shipments."

The Association has been viewing the effect on its British market of increasing shipments of Central and South American bananas to Europe. The official said the situation was being watched "carefully", but that the Windwards were not depressed as they were holding their own against the competition.

Having increased exports the second front of the battle is against poor quality fruit. Dollar area bananas have traditionally had the edge in quality on Caribbean fruit. The Caribbean has always been wary of a negative reaction from British consumers.

Wibana has managed to improve fruit quality through an extension of "sealed packing" in which the fruit is prepared for shipment in the field, reducing the level of handling.

The Jamaican industry claims it has the quality problem licked. "We have satisfactorily met the quality standards laid down by the British Government," said Mr Bobby Pottinger, chairman of the All-Island Banana Growers' Association.

Jamaican bananas are now in demand. Our quality and presentation on the British market are equal to any bananas from any part of the world. At our last meeting in London in July, we were congratulated by the UK Ministry of Agriculture for having fulfilled our undertaking to supply top quality bananas."

Mr Pottinger reported that Jamaican bananas were fetching between £520 and £590 a tonne.

The Jamaican industry is wishing, however, that as much could be said for quantity. Shipments from Jamaica to Britain averaged 70,000 tonnes per year in the late 1970s. Hurricane Allen in the summer of 1980 destroyed 80 per cent of the island's farms and exports have slipped to 11,000 tonnes in 1981, and struggled to 12,793 tonnes last year.

"The island has an assured annual British market for 150,000 tonnes which could go up to 200,000 tonnes," said Mr Pottinger. "We have been warned more than once that the British Government will not keep the market open indefinitely without a significant improvement in the export tonnage."

He said that Jamaica should ship to Britain between 35,000 and 40,000 tonnes this year, most of this from three large modern farms recently established on the island.

Efforts at recovery after the 1980 hurricane have been affected by structural changes in the Jamaican industry. The island's Government has divested its interest in the industry and closed the state-owned Banana Company of Jamaica.

It has handed the industry over to the growers, who have established a new agency, the Banana Exporters' Company. Jamaica has 5,500 acres under bananas which is inadequate to meet the island's quota, said Mr Pottinger. While it was involved in the industry the Government supported farmers with all their inputs. Farmers have not adjusted to finding production but, if they wish to stay in business, by cutting

### Rise in Indian tea production forecast

By K. K. Sharma in New Delhi

INDIA'S Commerce Ministry yesterday forecast the country's tea production in 1982-83 to be 27.0m kilos compared with the 26.5m produced last year.

The Commerce Minister, Mr P. Shiv Shankar, has asked officials to ensure that tea exports as well as processors and traders. From 1972 through 1974, he was a member of the board of directors of Cacique Salvel, the country's largest exporter of instant coffee. He also served as president of the Brazilian Association of coffee exporters. In the 1980s he served as an aide to the Finance Minister Mr Delfim Neto. Before taking the current job Mr Graciano was an executive with Cocam Case Salvel, an instant coffee factory, part of the troubled Matarazzo industrial group.

This exceeds the record achieved by 1984 and it is considered creditable in view of sharp falls in world tea prices.

India's tea marketing strategy is to sell around 220m kilos abroad and this is almost entirely of the higher-value varieties. The remainder is retained for domestic consumption so that internal prices do not rise.

The second part of the strategy is to increase exports of packaged and bagged tea. In 1982 exports in all categories rose to a level of 32m kilos, worth Rupees 1.34m.

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# CURRENCIES, MONEY and CAPITAL MARKETS

## FOREIGN EXCHANGES

### Dollar hovers above Y180

The dollar again tested the Y180 level in Tokyo, but traded quietly in Europe between Y180 and Y181, before closing slightly weaker on the day, at another seven-year low. The foreign exchanges were generally quiet, with dealers content to take profits and cover short positions, for fear that the point may be approaching when central banks will have to stem the dollar's decline. There was no sign of support for the dollar by the Bank of Japan, and the German Bundesbank also remained out of the market, but the market was very thin with New York closed for Washington's birthday.

A fall in US interest rates on Friday, with the yield on ten-year bonds falling below 8 per cent to a 61-year low, added to the broad-based corrections seen in the dollar. Dealers await the testimony before Congress of Mr Paul Volcker, chairman of the Federal Reserve Board, on Wednesday, for official guidance on interest rates. The main economic statistic due this week is revised fourth quarter gross national product growth on Thursday.

The dollar fell to Y180.15 from Y181.80, the lowest level since October 21, 1978, and also fell to three-year lows of DM 2.8280 from DM 2.8260, and SF 7.7850 from SF 7.9440. Against the

French franc the dollar fell to FF 7.18 from FF 7.20. On Bank of England figures the US currency fell to the lowest since January 1983 at 119.9, against 120.4 on Friday.

**STERLING — Trading range**

**£ IN NEW YORK**

(latest)

Close	Feb. 17	Prev. close
\$ Spot	N/A	\$1.4812-1.4822
1 month	"	1.650-1.650pm
3 months	"	1.60-1.61pm
12 months	"	1.54-1.55pm

Forward premiums and discounts apply to the US dollar.

against the dollar in 1985-86 is 1.6255 to 1.6255. January average 1.6255. Exchange rate index closed unchanged at 73.6, compared with 82.3 six months ago.

Sterling attracted little attention, rising 4 cent to \$1.4300-1.4310, but falling from DM 3.3260, FF 10.21, SF 7.7550 from SF 7.7575, and Yen 119.75 from Yen 120.25.

**D-MARK — Trading range**

against the dollar in 1985-86 is 2.4515 to 2.3390. January average 2.4520. Exchange rate index 122.7 against 127.6 six months ago.

The D-mark improved against the dollar in quiet Frankfurt trading. The domestic bond market scored only modest gains

in spite of the strong performance of the US bond market on Friday, which took the yield on the long bond below 9 per cent. Any hope the Bundesbank might cut its discount or Lombard rates this week were dashed when the central bank offered funds to the money market at an unchanged rate of 4.25 per cent.

On the basis of the Bundesbank's lack of intervention when the dollar fell to DM 2.3450 from DM 2.3650, this was the lowest fixing for the dollar since January 13, 1983. The dollar closed at DM 2.3395 in Frankfurt, compared with DM 2.3395 on Friday.

**YEN — Trading range**

against the dollar in 1985-86 is 1.6255 to 1.6255. January average 1.6255. Exchange rate index 139.3 against 158.9 six months ago.

The yen continued to rise against the dollar in Tokyo today. The dollar fell to a seven-year low of Y179.70 during Tokyo trading, but recovered a little of profit taking, and reluctance of dealers to take out further short positions until trading resumes in New York yesterday, the market's holiday in the US. In active trading the dollar finished at Y180.75, compared with Y182.00 on Friday. Lower US interest rates, and the fall of the long bond yield to a 61-year low in New York on Friday, contributed to the dollar's continuing weakness.

**Swiss franc**

against the dollar in 1985-86 is 1.5415 to 1.5390. January average 1.5415. Exchange rate index 122.2 against 122.6 six months ago.

The D-mark improved against the dollar in quiet Frankfurt trading. The domestic bond market scored only modest gains

## FINANCIAL FUTURES Prices firm

Prices were higher on the London International Financial Futures Exchange yesterday, reflecting continued optimism about the future direction of US interest rates. Investors were left to make up its own mind about an appropriate level for dollar-denominated interest rate contracts, with Chicago markets closed for Washington's birthday, and took March US Treasury bonds to a contract price of 100.50, up from 100.48.

March US Treasury bonds 8% 300,000 pounds of 100%.

Closes High Low Prev.

March 82.12 82.15 82.12 82.06

June 82.15 82.17 82.16 82.10

Sept. 82.13 82.15 82.12 82.07

Dec. 82.12 82.15 82.12 82.07

June 82.17 82.19 82.16 82.06

Estimated volume 1,819 (1,882)

Previous day's open int 11,243 (11,622)

Treasury 2004-03 less forward price of 12% (one month futures contract) -9 to -8

FTSE 100 INDEX £25 per full index point

Closes High Low Prev.

March 82.12 82.15 82.12 82.06

June 82.15 82.17 82.16 82.10

Sept. 82.13 82.15 82.12 82.07

Dec. 82.12 82.15 82.12 82.07

June 82.17 82.19 82.16 82.06

Estimated volume 1,878 (6,408)

Previous day's open int 10,757 (19,958)

LONDON 20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%.

Closes High Low Prev.

March 82.15 82.18 82.15 82.10

June 82.15 82.17 82.16 82.10

Sept. 82.13 82.15 82.12 82.07

Dec. 82.12 82.15 82.12 82.07

June 82.17 82.19 82.16 82.06

Estimated volume 1,819 (1,882)

Previous day's open int 11,243 (11,622)

US TREASURY BONDS 8% \$100,000 32nds of 100%.

Closes High Low Prev.

March 82.15 82.18 82.15 82.10

June 82.15 82.17 82.16 82.10

Sept. 82.13 82.15 82.12 82.07

Dec. 82.12 82.15 82.12 82.07

June 82.17 82.19 82.16 82.06

Estimated volume 1,878 (6,408)

Previous day's open int 10,757 (19,958)

LIFFE 10% NOTIONAL SHORT GILT £100,000 32nds of 100%.

Closes High Low Prev.

March 82.12 82.15 82.12 82.06

June 82.15 82.17 82.16 82.10

Sept. 82.13 82.15 82.12 82.07

Dec. 82.12 82.15 82.12 82.07

June 82.17 82.19 82.16 82.06

Estimated volume 1,878 (6,408)

Previous day's open int 10,757 (19,958)

LIFFE 10% STERLING £25 per full index point

Closes High Low Prev.

March 82.12 82.15 82.12 82.06

June 82.15 82.17 82.16 82.10

Sept. 82.13 82.15 82.12 82.07

Dec. 82.12 82.15 82.12 82.07

June 82.17 82.19 82.16 82.06

Estimated volume 1,878 (6,408)

Previous day's open int 10,757 (19,958)

LIFFE 10% DEUTSCHE MARKS DM 125,000 5% per DM.

Closes High Low Prev.

March 82.15 82.18 82.15 82.10

June 82.15 82.17 82.16 82.10

Sept. 82.13 82.15 82.12 82.07

Dec. 82.12 82.15 82.12 82.07

June 82.17 82.19 82.16 82.06

Estimated volume 1,878 (6,408)

Previous day's open int 10,757 (19,958)

LIFFE 10% SWISS FRANCS CHF 250,000 5% per CHF.

Closes High Low Prev.

March 82.15 82.18 82.15 82.10

June 82.15 82.17 82.16 82.10

Sept. 82.13 82.15 82.12 82.07

Dec. 82.12 82.15 82.12 82.07

June 82.17 82.19 82.16 82.06

Estimated volume 1,878 (6,408)

Previous day's open int 10,757 (19,958)

LIFFE 10% FRENCH FRANCS FF 250,000 5% per FF.

Closes High Low Prev.

March 82.15 82.18 82.15 82.10

June 82.15 82.17 82.16 82.10

Sept. 82.13 82.15 82.12 82.07

Dec. 82.12 82.15 82.12 82.07

June 82.17 82.19 82.16 82.06

Estimated volume 1,878 (6,408)

Previous day's open int 10,757 (19,958)

LIFFE 10% ITALIAN LIRE L 250,000 5% per Lira.

Closes High Low Prev.

March 82.15 82.18 82.15 82.10

June 82.15 82.17 82.16 82.10

Sept. 82.13 82.15 82.12 82.07

Dec. 82.12 82.15 82.12 82.07

June 82.17 82.19 82.16 82.06

Estimated volume 1,878 (6,408)

Previous day's open int 10,757 (19,958)

LIFFE 10% SPANISH PESOS ECU 250,000 5% per Ecu.

Closes High Low Prev.

March 82.15 82.18 82.15 82.10

June 82.15 82.17 82.16 82.10

Sept. 82.13 82.15 82.12 82.07

Dec. 82.12 82.15 82.12 82.07

June 82.17 82.19 82.16 82.06

Estimated volume 1,878 (6,408)

Previous day's open int 10,757 (19,958)

LIFFE 10% SWEDISH KRONA SEK 250,000 5% per SEK.

Closes High Low Prev.

March 82.15 82.18 82.1







## WORLD STOCK MARKETS

AUSTRIA		GERMANY		NORWAY		AUSTRALIA (continued)		JAPAN (continued)			
Feb. 17	Price Stocks	Feb. 17	Price Dm.	Feb. 17	Price Kroner	Feb. 17	Price Aus \$.	Feb. 17	Price Yen		
Creditanstalpp.	5,370 -5	AEG	505.8 -8	Sergens Bank	257.0 -2	Gen. Prod. Trust	9.85	MHI	558 -5		
Oesterre. *	5,680 +10	Altenz Vers.	5,060 -40	Orkla Bank	272 +0.5	Mitsui Bank	1,030 +20	Mitsui	420 +5		
Intertroll *	14,050 +20	BAF	270.9 +2.5	Hedmark Ored.	170 +2	Mitsui Etsch	1,020 +10	Hedmark	5.5 +5		
Jungbundesbank	1,155 -5	Bayer	250 +2	ICI Aust.	-0.02	Mitsui Toatsu	670 -5	Mitsui	5.5 +5		
Landesbank	1,155 -5	Boehringer	250 +2	Minolta	670 -5	Mitsui Mining	670 -5	Mitsui	5.5 +5		
Permoser	685 -10	Kraemer	250 -10	Kia Ora Gold	94.5 +5	Nikko Insuranc.	94.5 +5	Nikko	5.5 +5		
Bayr. Daimler	160 -8	Horstmann	250 -5	Kidston Gold	9.8 +2	Nikko Sea	78.5 +10	Nikko	5.5 +5		
Vestasbank Mag.	3,000.0 +50	BMW	670 -8	Lloyd Leste	5.5 +2	Nippon Elect.	1,250 +10	Nippon	420 +5		
Stora Enso	563.1 -20	Brown Boveri	550.1 -20	Mayne Nickles	5.85 +0.5	Nippon Express	682 +8	Nippon	420 +5		
Dortl. Gumm.	194 -5	Morsk Hydro	550.1 -20	Nat. Aust. Banc.	4.65 +0.5	Nippon Kokai	1,040 -5	Nippon	420 +5		
Storebrand	1,250 -20	Deutsche	550.1 -20	Nicolas Kuhl	2.0 +0.5	Nippon Oil	670 +5	Nippon	420 +5		
Degussa	435 -5	Dresd. Salzgitter	500 -20	Noranda's Corp	3.85 +0.5	Nippon Shimbun	900 +5	Nippon	420 +5		
R.B.I.	8,820 +40	Deutsche Bank	751 -24	North Star Hill	9.85 +0.5	Nippon Steel	150 +5	Nippon	420 +5		
Bank Int. & Lux.	10,000 +10	Deutsche Bank	751 -24	Pacific Develop.	1.8 +0.5	Nippon Yawata	300 +5	Nippon	420 +5		
DKF	5,080 +100	Deutsche Bank	751 -24	Pancontinental	2.7 +0.5	Nissan Motor	550 +5	Nissan	420 +5		
OMV	4,170 +70	Henkel	550 +10	Petrobras	5.5 +0.5	Nissaku Fict.	550 +5	Nissaku	420 +5		
Dellach	8,700 +10	Hochzoll	750 +20	Queensland Coal	1.57 +0.5	Nippon Cement	998 +5	Nippon	420 +5		
Elektro	12,800 +75	Hoesch Werk	1,725.5 -5	Quicksilk & Colman	5.85 +0.5	Nippon Cott.	670 +5	Nippon	420 +5		
Fabrikat. Nat.	5,180 +50	Holzmann	500 +5	Repsol	4.54 +0.5	Nippon Leasing	3,100 +5	Nippon	420 +5		
GAS Inno BM	5,250 +50	Hussey	475 +7	Smith Howard	5.1 +0.5	Pioneer	1,870 +5	Pioneer	420 +5		
Generale Bank	5,240 +50	Karsdorff	535 +5	Tooth	5.1 +0.5	Vanguard	545 +0.5	Vanguard	420 +5		
Geovest	5,240 +50	Kieckner	535 +5	Westpac Bank	5.5 +0.5	Westpac Banking	550 +5	Westpac Banking	420 +5		
Intercom	5,250 +50	Kloster	101 -1	Woodvale Petrol.	1.16 +0.5	Woodwards	550 +5	Woodwards	420 +5		
Kreditbank	5,250 +50	Linde	515 -10	Normandy Inst.	3.25 +0.5	Yamada	1,140 +5	Yamada	420 +5		
Postbank	10,100 +100	MAN	198 -5	Swedbank	2.50 +0.5	Yamato	550 +5	Yamato	420 +5		
Petrofina	6,610 +50	Mannemann	557 -7.5	Systech	2.50 +0.5	Zapporo	692 +5	Zapporo	420 +5		
Republik. Belg.	80,750 +100	Marensdorf	550 +5	Tokuda Prefab.	2.50 +0.5	Zetco	870 +5	Zetco	420 +5		
Soc. Gen. Belg.	5,210 +50	Mazda	550 +5	Yamaha	400 +5	Sharp	928 +5	Sharp	420 +5		
Solvay	7,180 +70	Muenda Roca	2,400 -100	Shimizu Constr.	400 +5	Shiseido	3,410 +5	Shiseido	420 +5		
Stavolink Int'l	1,170 +50	Neft	550 +5	Taisei Corp.	240 +5	Showa Denko	340 +5	Showa Denko	420 +5		
UOC	5,910 +50	Perstorp	1,350 +5	Takao Corp.	240 +5	Sony	3,500 +5	Sony	420 +5		
Waggon Litte	5,000 +50	Prudential	1,350 +5	Takuda	240 +5	St. Etope Chem.	350 +5	St. Etope Chem.	420 +5		
DENMARK	Feb. 17	Price Kr. %	+ or	AGA	192 +4	China Glass.	2.50 +0.5	Seitama	550 +5	Seitama	420 +5
Andelsbanken	431 -5	Banco Dansk	550 +5	China Light.	2.50 +0.5	Shionogi	550 +5	Shionogi	420 +5		
Andelskredit	431 -5	Banque Dansk	550 +5	Evergo	2.50 +0.5	Shohei	550 +5	Shohei	420 +5		
Den. St. Kredit	365 -5	Banque Dansk	550 +5	Henderson Land	2.50 +0.5	Taipei	711 +11	Taipei	420 +5		
Danske Bank	372 +1	Banque Dansk	550 +5	HK China Gas.	14.3 +0.5	Takao	995 +5	Takao	420 +5		
Exch. Ashtec	5,210 -5	Banque Dansk	550 +5	HK Kowloon Wh.	7.5 +0.5	Taiyo	550 +5	Taiyo	420 +5		
Fordeleje Brys.	5,210 +10	Banque Dansk	550 +5	HK Land	6.5 +0.5	Tamano	550 +5	Tamano	420 +5		
Frederiks Damp.	5,210 +10	Banque Dansk	550 +5	HK Telephone	1.1 +0.5	Taylor	550 +5	Taylor	420 +5		
GAT Mid. Ind.	5,210 +10	Banque Dansk	550 +5	Hutchinson Wps.	5.5 +0.5	Toshiba	550 +5	Toshiba	420 +5		
ITALY	Feb. 17	Price Lira	+ or	Banca Comit.	5,240 +10	Ishikawa	2.50 +0.5	Toshiba	550 +5	Toshiba	420 +5
Banca Comit.	5,240 +10	Banca Comit.	545 +0.5	Banca Comit.	5,240 +10	Italtel	550 +5	Italtel	420 +5		
Banca Damp.	5,210 +10	Banca Comit.	545 +0.5	Banca Comit.	5,240 +10	Italtel	550 +5	Italtel	420 +5		
BSI	5,210 +10	Banca Comit.	545 +0.5	Banca Comit.	5,240 +10	Italtel	550 +5	Italtel	420 +5		
Fordeleje Brys.	5,210 +10	Banque Dansk	550 +5	Banque Dansk	5,240 +10	Italtel	550 +5	Italtel	420 +5		
Frederiks Damp.	5,210 +10	Banque Dansk	550 +5	Banque Dansk	5,240 +10	Italtel	550 +5	Italtel	420 +5		
GAT Mid. Ind.	5,210 +10	Banque Dansk	550 +5	Banque Dansk	5,240 +10	Italtel	550 +5	Italtel	420 +5		
ITC	5,210 +10	Banque Dansk	550 +5	Banque Dansk	5,240 +10	Italtel	550 +5	Italtel	420 +5		
SWITZERLAND	Feb. 17	Price Fr.	+ or	Banque Dansk	5,240 +10	Italtel	550 +5	Italtel	420 +5		
NOTES—Prices on this page are quoted on the individual exchanges and are last traded prices. * Excluding suspended, ** Ex dividend, *** Ex scrip bonus, **** Ex rights, ex ex. ** Price in Schillings.											

## Indices

## NEW YORK Dow Jones

	Feb. 17	Feb. 14	Feb. 13	Feb. 12	Feb. 11	Feb. 10	1985/86	Since Completion
Industrial	1,944.42	1,945.07	1,929.83	1,922.82	1,920.35	1,914.51	1,914.45	41,221
Transport	772.81	780.16	769.36	764.84	767.02	772.51	753.83	772.91
Utilities	180.73	178.11	178.19	178.05	178.79	180.54	180.78	10.5
Trading val.	156.00	156.00	156.00	156.00	156.00	156.00	156.00	156.00
Ind Inv Yield %	3.83	4.01	4.15	4.15	4.15	4.15	4.15	4.15

	Feb. 17	Feb. 14	Feb. 13	Feb. 12	Feb. 11	Feb. 10	1985/86	Since Completion
Industrial	202.21	202.87	202.25	202.25	202.21	202.21	202.21	202.21
Transport	218.75	217.48	215.87	216.24	218.70	218.70	218.70	218.70
Utilities	126.45	126.41	124.87	124.87	124.87	124.87	124.87	124.87
Composite	218.75	217.48	215.87	216.24	218.70	218.70	218.70	218.70
Ind Inv Yield %	3.49	3.44	3.53	3.53	3.53	3.53	3.53	3.53
Ind P/C Ratio	14.98	14.68	14.27	14.27	14.27	14.		

# FINANCIAL TIMES

## WORLD STOCK MARKETS

### EUROPE

## Another brace of records

ANOTHER BRACE of records was notched up yesterday on the European bourses as Italian and Belgian investors built on the heady rises of last week.

Milan gained further mileage from strong institutional and foreign demand which touched first on Fiat and then moved over to other leading blue chips, especially among insurers and holding companies.

Fiat stormed to a new high on resurrected, but still flatly denied, suggestions that a 13.5 per cent stake held in the transport group by a Libyan bank had changed hands.

Fiat finished the session with a huge L539 jump to a peak L7,979 and confidently strode across the L8,000 barrier in after-bourse trading with quotes of L8,060.

Olivetti also engaged in some barrier-hopping with its L275 jump to L11,200, a 12-month high, and Montedison returned across the L8,000 threshold with a L23 rise to a high for the year of L3,005; it touched L3,020 in active after-bourse trading.

Iniziativa Me Ta, the services unit of Montedison SpA, finished at L62,000, an advance of L3,410, after its listing was

temporarily suspended because its early rise had exceeded 20 per cent.

Banks featured again, with Mediobanca gaining momentum with its L5,000 surge to L164,975, although Banca Commerciale had steady at L22,400. Continued support for leading insurance issues produced more record-breaking performances with Generali, which represents some 10 per cent of the entire stock's capitalisation, hitting a peak L86,990 with a rise of L2,090. Toro put on an even more impressive display with L12,100 rise to L34,600.

Saipeim was again the odd one out with its L85 fall to L4,695.

The Banca Commerciale index gained about 2.5 per cent with a 13.10 rise to a record 528.53.

The high in Brussels was partly ascribed to a shortage of paper and a

Wall Street stock markets were closed yesterday for a holiday.

Thinning out of activity since yesterday was the final session of the current 15-day forward market.

The Belgian Stock Exchange index responded with a 32.66 gain to 3,096.48.

Sentiment remains fundamentally firm against a background of the recent government decisions to stimulate bourse activity and fresh reports that withholding tax on dividends, currently 25 per cent, may be cut.

Petrofina was in the thick of it. Belgium's leading industrial grouping put on BFr 60 to BFr 6,610 on the strength of its chemical co-operation pact with Sumitomo of Japan while its laying of the cheap oil price spectre last week also

added to support. Petrofina revealed that it was a net buyer of crude oil and was thus well positioned to benefit from any oil price falls.

Among other holding companies with large energy interests Electrotel added BFr 115 to BFr 12,800 and Tractionel sprouted BFr 190 to BFr 5,440.

ACEC, the electrical engineer, firmed BFr 10 to BFr 870 as it revealed a healthy year-end order book while travel and tourism stock Wagons-Lits recovered from some of last week's late profit-taking and put on BFr 50 to BFr 5,000 on more sparkling profit forecasts for 1985.

Banque Bruxelles Lambert was buoyed BFr 40 to BFr 2,530 ahead of tomorrow's pricing of the 1m shares, or 9.5 per cent of its expanded share capital, that it is issuing internationally.

Stockholm was transfixed by the Fermenta saga, but some gains were managed. Ericsson was most active and added SKr 4 to SKr 244 while Electrolux enjoyed the attention of hefty overseas buying. The electrical appliance maker picked up SKr 7 to SKr 248.

Pharmacia, subject to a Fermenta takeover, was actively bought SKr 3 up to SKr 177. Volvo, another leading player in the biotechnology link-up, advanced SKr 2 to SKr 314. Trading in Fermenta was suspended, and confirmation that its chief executive had resigned arrived after the close of session.

Frankfurt took a tumble with a sharp 45.6 retreat by the Commerzbank index to 1,909.8, thus surrendering all of the gains of the past two months. The weaker dollar was identified as the culprit although yesterday's closure of Wall Street should have directed some international investment funds towards West Germany.

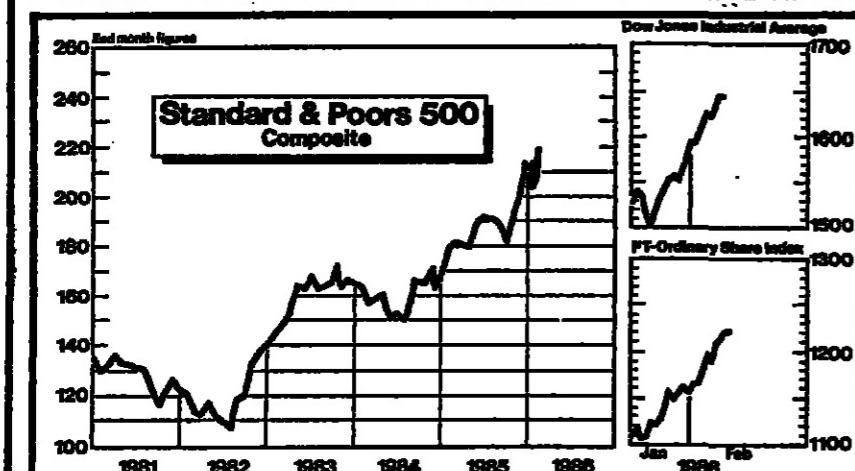
Daimler was caught in a wave of selling by overseas investors and duly gave up DM 38 to DM 1,250.

WestLB, in its latest analysis of the bourse, suggests that profit-taking has taken its course and prices are set for a revival. The flattening out of export performance brought on by the weaker dollar should be compensated by stronger private consumption and increased investment by industry, it says.

It believes that consumer oriented and engineering stocks still look attractive to foreign investors due to the strength of the D-Mark. Lower oil prices will benefit chemical issues in time, it suggests.

Amsterdam, Paris and Zurich were featureless and closed slightly lower.

### KEY MARKET MONITORS



	STOCK MARKET INDICES			
	Feb 17	Previous	Year ago	
NEW YORK				
DJ Industrials	closed	1,644.45	1,282.02	
DJ Transport	closed	722.91	623.21	
DJ Utilities	closed	180.70	150.85	
S&P Composite	closed	219.75	181.60	
LONDON				
FT Ord.	1,220.7	1,218.8	970.5	
FTSE 100	1,475.3	1,477.9	1,261.5	
FT-A All-share	717.97	719.01	612.20	
FT-A 500	768.89	783.39	650.80	
FT Gold mines	320.4	317.1	511.4	
FT-A Long gilt	10.30	10.43	10.71	
TOKYO				
Nikkei	13,447.91	13,342.75	12,148.3	
Tokyo SE	1,075.80	1,063.76	940.95	
AUSTRALIA				
All Ord.	1,048.5	1,046.7	788.2	
Metals & Mins.	500.1	503.7	454.9	
AUSTRIA				
Credit Aktien	116.41	117.50	84.20	
BELGIUM				
Belgian SE	3,096.48	3,063.82	2,169.42	
CANADA				
Toronto Metals & Mins	2,117.00*	2,122.35	2,154.00	
Composite	2,782.5*	2,761.3	2,614.4	
Investment Portfolio	133.70*	134.02	131.44	
DENMARK				
SE	n/a	229.79	176.18	
FRANCE				
CAC Gen	297.0	299.6	200.8	
Ind. Tendance	111.5	112.7	70.6	
WEST GERMANY				
FAZ-Aktionen	631.82	647.56	401.68	
Commerzbank	1,908.8	1,955.4	1,170.0	
HONG KONG				
Hang Seng	1,783.08	1,777.54	1,405.93	
ITALY				
Banca Comm.	528.53	515.43	283.98	
NETHERLANDS				
ANP-CBS Gen	252.6	252.7	201.4	
ANP-CBS Ind	243.9	244.3	188.3	
NORWAY				
Oslo SE	373.40	375.55	327.22	
SINGAPORE				
Straits Times	617.94	622.92	804.14	
SOUTH AFRICA				
JSE Golds	-	1,192.7	895.0	
JSE Industrials	-	1,109.2	868.7	
SPAIN				
Madrid SE	110.82	111.89	85.68	
SWEDEN				
J & P	1,836.48	1,824.53	1,448.12	
SWITZERLAND				
Swiss Bank Ind	closed	569.3	415.7	
WORLD				
Feb 14	Prev	Year ago		
MS Capital Int'l	271.2	269.2	196.6	
COMMODITIES				
London	Feb 17	Prev		
Silver (spot fixing)	412.95p	408.05p		
Copper (cash)	\$398.50	\$398.00		
Coffee (Mar)	22,332.50	22,280.00		
Oil (spot Arabian Light)	n/a	n/a		
GOLD (per ounce)				
London	Feb 17	Prev		
\$333.25	\$331.50			
Zurich	\$333.25	\$330.50		
Paris (Fring)	\$334.50	\$331.83		
Luxembourg	\$333.75	\$331.25		
New York (April)	\$336.20*	\$335.30		
FINANCIAL FUTURES				
Chicago	Latest	High	Low	Prev
US Treasury Bonds (CBT)	94 32nds of 100%	94 07	93 10	93 08
Mar	94 07	94 12	94 07	94 08
Certificates of Deposit (CBT)	93 15	93 16	93 09	93 08
S1m points of 100%	92 44	92 45	92 37	92 27
LONDON				
Three-month Eurodollar	51m points of 100%			
Mar	92 12	92 15	92 12	92 08
20-year National Gilt	92 00	92 00	91 98	91 98
£50,000 32nds of 100%	111 28	111 30	111 09	110 29
Mar	111 28	111 30	111 09	110 29

### INTEREST RATES

	Feb 17	Prev		
Euro-currencies (3-month offered rate)				
€	12.9%	12.4%		
SF	3%	3%		
DK	4%	4%		
FF	14%	14%		
FT London Interbank fixing (offered rate)				
3-month US\$	8	8%		
6-month US\$	8	8%		
US 3-month CDs	closed	7%		
US 3-month T-bills	closed	7.70		
US BONDS				
Treasury	Feb 14	Prev		
Price	Price	Yield		
Return	Day's	Yield		
Index	change	change		
1-30	140.86	+0.86	8.49	-0.12
1-10	136.73	+0.48	8.27	-0.11
1-3	130.58	+0.18	7.98	-0.06
3-5	136.50	+0.52	8.35	-0.12
15-30	156.17	+2.24	9.28	-0.16
Treasury Index	Feb 14	Prev		
Maturity	Return	Day's	Yield	
Index	index	change	change	
1-30	140.86	+0.86	8.49	-0.12
1-10	136.73	+0.48	8.27	-0.11
1-3	130.58	+0.18	7.98	-0.06
3-5	136.50	+0.52	8.35	-0.12
15-30	156.17	+2.24	9.28	-0.16
Treasury Index	Feb 14	Prev		
Maturity	Return	Day's	Yield	
Index	index	change	change	
1-3				